70 ANS

UBP

INTEGRATED REPORT **2023**

Celebrating 70 Years of building emotions

As we celebrate UBP's 70th anniversary, we commemorate seven decades in the construction industry, looking both at our past accomplishments with pride and at the future and its endless possibilities with hope. We thank our dedicated employees, visionary leadership, and supportive shareholders for their pivotal roles in our enduring success.

During Mauritius' darkest times, UBP supported the country in building solid foundations for the nation: after cyclone Carole in 1960, we industrialised the production of concrete blocks to meet urgent needs. Amid the pandemic, we prioritised the safety of Mauritians and our employees, standing in solidarity.

For this occasion, we place a strong emphasis on celebrating our employees and thus honour in a unique and befitting way seven exceptional employees and partners, our "emotion-building heroes," representing various trades. To celebrate our anniversary, we are holding eight nationwide exhibitions of photos showcasing UBP's major milestones, which started at Bagatelle Mall. In October 2023, we launched the "Creative Challenge," promoting sustainability and citizen engagement with Smart Blocks. The festivities will wrap up in December 2023. Learn more about our exciting celebrations and activities on dedicated sections of the digital version of the Integrated Report.

Here's to 70 years of building emotions and - paving the way forward - to many more to come!

Dear shareholders,

The Board of Directors of UBP is pleased to present its Integrated Report for the year ended June 30, 2023 covering the performance and the operations of the Group, with a focus on our five main companies: The United Basalt Products Limited (UBP), Premix Ltd (Premix), Drymix Ltd (Drymix), Espace Maison Ltée (Espace Maison) and Compagnie de Gros Cailloux Limitée (Gros Cailloux).

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements regarding the results and operations of the Group, which, by their nature, involve risk and uncertainty, because they depend on circumstances that may or may not occur in the future. Although forward-looking statements contained in this presentation are based upon what management believes are reasonable assumptions, undue reliance should not be placed on them.

Stéphane Ulcoq
Group CEO

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KEYS

UBP	The United Basalt Products Limited
Premix	Premix Ltd
Drymix	Drymix Ltd
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70 YEARS OF EXCELLENCE - PAVING THE WAY FORWARD

INTRODUCTION

Financial highlights | Chairman’s message

At the heart of our accomplishments are our dedicated and driven team of 1,537 employees, the visionary leadership of our management team, the strategic guidance of our Board of Directors, and the unwavering support of our shareholders.

INTRODUCTION

Financial highlights

FOR FINANCIAL YEAR 2023

REVENUE FIGURE

Rs 4.7 billion

Our Group revenue for FY2023 increased by 15.0% to Rs 4.7 billion (FY2022 – Rs 4.1 billion). Premix Ltd(formerly Pre-Mixed Concrete Limited), has been consolidated as a subsidiary for the entire financial year under review, and contributed Rs 330.9 million to the revenue increase for the financial year while FAST (Flacq Associated Stonemasters Limited), acquired on March 31, 2023, contributed Rs 36.0 million.

+297.6% VS 2022

Rs 5.04

EARNINGS PER SHARE 2023

-28.1% VS 2022
-20.3% SINCE 5 YEARS

Rs100.00

SHARE PRICE 2023

Rs 3.00 per share for 2022

Rs Nil

DIVIDEND PER SHARE 2023

OVER THE PAST 5 YEARS

65.9%

AVERAGE DIVIDEND PAYOUT RATIO

-2.3%

COMPOUND AVERAGE ANNUAL TOTAL SHAREHOLDERS RETURN **OVER THE PAST 5 YEARS**

-4.4%

COMPOUND AVERAGE ANNUAL GROWTH RATE OF SHARE PRICE **OVER THE PAST 5 YEARS**

REVENUE SHARE BY SEGMENT

71%
CORE BUSINESS

25%
RETAIL

4%
AGRICULTURE

+15.0% OVER 2022
+60.0% SINCE 5 YEARS

Rs 4.7 Billion
GROUP REVENUE 2023

+21.0% OVER 2022

Rs 247.7 Million
OPERATING PROFIT 2023

Rs 142.0 Million
NET PROFIT 2023

CHAIRMAN'S MESSAGE

Chairman's message

A YEAR OF TRANSITION

Dear shareholders,

One year has passed since I assumed the chairmanship of UBP. In reflecting on what has been a challenging year for the Group, I am pleased to report on a year of transition, rationalisation and optimisation. Although our financial results do not reflect the progress made, the Group built scale in its core markets, completed large-scale projects to modernise its production processes, continued to focus squarely on its ambitious environmental agenda, and opened new windows of opportunity for expansion.

PERFORMANCE AND MARKET ENVIRONMENT IN FY2023

The world is in a better position since exiting the pandemic. Mauritius is on an encouraging growth trajectory, supported by the rebound in tourism and significant investment in property development and infrastructure projects. Although demand is strong, supply-side challenges made it difficult to fulfil them. The building materials industry is experiencing a period of turbulence: the construction price index saw a significant 20% increase in only two years due to rampant inflation and the soaring cost of raw materials. This has dealt a heavy blow to production costs and profit margins in our core business. Along with this, profitability in the retail business was negatively impacted by escalating labour costs and rental expenses. Against this backdrop, UBP Group delivered a commendable Rs 142 million in profitability during the year. However, our other financial metrics and share price movements were not immune to the headwinds in the market environment.

As a responsible player in our industry, and a business that is very much founded on close ties with all our stakeholders, we were determined to avoid passing our rising costs to consumers. However, we had to face the facts: the impact of imported inputs on our business has been severe, despite our very best efforts to contain cost increases through the optimisation of our processes, without compromising the quality of service offered or the availability of our products. Exceptional trade-offs had to be made to ensure our resilience.

In addition to this, successive spikes in interest rates drove up our finance costs, which increased by 81%, partly due to the large strategic investments made to rationalise the Group's product portfolio:

- In March 2023, we increased our shareholding in Flacq Associated Stonemasters Limited (FAST) from 9.47% to 100% following the majority shareholder's announcement to dispose of its shares. This was an invaluable opportunity for the Group to strengthen its core activities and expand its market share by leveraging the synergies between businesses in our 'Grey cluster'-UBP, Premix and Drymix (our Core Business) and FAST.

- Premix has been in a transition phase during its first complete financial year under the UBP flag. We invested substantially in upgrading its fleet of trucks and equipment, developing sales and marketing strategies, forming the right team, and building up the credibility of a business that had low brand awareness and exposure prior to 2021. Premix will no doubt see a return on these investments in the form of a stronger brand and improved market presence.

- We are close to completing the acquisition of a group of companies in Reunion Island, pending the satisfaction of conditions precedent. These companies operate in the same industry as UBP in Reunion Island. Once completed, this transaction is expected to significantly increase our Group's revenue, and consolidate our position in the building materials segment, both in Mauritius and in the Indian Ocean.

- Necessary investments were made to ensure our readiness and bring more resilience to our operations. Embracing the winds of change, we have embarked on the profound digitalisation of our operations, from our manufacturing processes to customer engagement. Major automation projects have seen the light of day at the Group level and in individual entities, and are already delivering interesting upsides. For instance, the pilot project at our St Julien plant has already driven down costs, optimised the production capacity and reinforced employees' safety.

In spite of facing adversities, we never stop preparing our business for what lies ahead. Our different business lines are drawing on each other's strengths and expertise with unparalleled efficiency. By offering customers everything under one roof, and investing in our people to bring out their full potential, we are positioning ourselves as a partner of choice for our customers and an enabler of socioeconomic development in the country.

VALUE DELIVERED TO SHAREHOLDERS

UBP has always tried to balance long-term growth and short-term capital allocation, focusing on driving positive returns to our shareholders since our listing on the SEM in 1989. FY 2023 will mark a break in this long track record as one of the few times we were not able to pay dividends to our shareholders. Again, finding ourselves between a rock and a hard place, we had to make difficult trade-offs. Our priority was to give back to our employees, especially those in the lower-income bracket who are particularly vulnerable to the higher cost of living.

INTRODUCTION

Chairman's message

A YEAR OF TRANSITION

Investing in our people - and other intangible assets such as our intellectual capital - is an investment in the future, especially in an era of knowledge-intensive industries.

I would like to emphasise that UBP has always taken a long-term view of the business, and many of our biggest successes have grown out of times of disruption. What also fills me with optimism for the future is the resilience of our teams. Quite undeterred from the year's adversities, they demonstrated their trademark dedication and ingenuity. I would be remiss if I did not single out the turnaround of Gros Cailloux, which was driven by a high-performing team, united around a common mission. This speaks volumes about UBP's intrinsic strength and adaptability, and leads me to be confident that the situation will equilibrate to be more reflective of UBP Group's true potential, which remains very promising over the long term.

70 YEARS AND COUNTING

This year, UBP celebrates 70 years of existence, a milestone that few companies achieve. It has been an extremely exciting journey, which has seen it grow from one company generating Rs 300,000 in sales in 1953 to a strong Group with a revenue of Rs 4.6 billion in 2023.

As a witness to UBP's achievements of the past 70 years, I have seen every decade serve as an inflection point that strengthened the Group. UBP was formed in 1953 as a merger of three companies. In the 1950s, it became the first company in Mauritius to industrialise the stone-crushing process, playing a central role in the island's development by building essential structures such as roads, infrastructure and houses. After investing in Premix in 1967 and expanding into ready-mixed concrete, the 70s marked UBP's first step overseas, in Seychelles. In the 1990s, UBP made a series of strategic acquisitions and investments, culminating in the inception of Drymix in 1995. The late 1990s and early 2000s saw continued expansion overseas, in Madagascar and in Sri Lanka, and diversification into construction-adjacent segments. The first Espace Maison store opened in 2002 and Gros Cailloux was acquired for its rock bank in 2004. The rest, as they say, is history.

UBP has successfully expanded its core business over the years, while also diversifying into related markets to capture a larger customer base, innovating consistently to pioneer new solutions and deepen our domain expertise. By doing this, we have built a portfolio of distinct yet complementary businesses. We have five verticals that are increasingly digitised and building a competitive advantage in their respective markets, but that also work closely together to serve our shared objectives. In this sense, UBP is stronger than it has ever been.

SUSTAINABILITY IN OUR DNA

I have previously highlighted that one of my primary objectives as Chairman is to bring in my experience in good governance and build on the solid foundations already laid by my predecessors. Responsible business practices and sustainable value creation remain at the centre of our priorities, especially as we look forward to the integration of the Reunion-based companies into UBP Group.

We asked ourselves critical questions in light of the acquisition, such as how to ensure that our parent company and wholly-owned subsidiaries (WOS) operate in a cohesive and harmonious manner across all jurisdictions; how to cascade down sound governance practices to our subsidiaries locally and abroad; and how to speed up approval and decision-making within subsidiaries on matters that depend on the holding company's Board.

In December 2022, our organisational structures were reviewed and simplified, with a dedicated Advisory Committee set up for each WOS and for the Company. These Committees, comprising members of our Management team, report to the Board of Directors on the key strategic and operational issues related to each entity. Having common members on both UBP's Board and WOS Committees ensures that our subsidiaries are collectively working to achieve the Group's objectives. More details on the composition and terms of reference of these Advisory Committees are available in the Corporate Governance Report on page 109.

By the same token, as the risk landscape becomes more convoluted and unpredictable, Board members are called upon to make decisions more swiftly and efficiently, and on matters that were previously not within their purview. Aiming to optimise time management and reduce the clutter of information being presented to Directors, we saw the need to improve our preparation of meetings. Targeted information packs are circulated ahead of meetings, setting apart those that are primarily informational in nature, from those requiring more substantive discussion and debate. Our Directors also have access to a dashboard, which offers real-time information on the key developments within UBP and each WOS. This is promoting a more timely information flow between our subsidiaries and the parent company, and, in turn, supporting more constructive discussions at Board meetings.

All of these changes have already proven their worth in terms of quicker, more agile decision-making. In keeping with UBP's commitment towards continuous improvement, we will strive to further enhance the effectiveness of our frameworks.

We have, to this end, initiated the process for a Board evaluation exercise in FY2024, which will determine whether our composition and matrix of skills and experience are well suited to the Group's strategy.

Environmental and social considerations continue to guide our pursuits and decisions. Operating in an industry that is notorious for its negative impact on the environment has prompted us to embrace circular economy principles and pursue decarbonisation. Amongst other notable actions, Gros Cailloux's commitment to smart agricultural practices is a big stride towards this mission. Our continued investments in digitalisation are also making our operations significantly more resource-efficient and cost-efficient. All of these undertakings are underpinned by our Research and Development team and certified laboratory, which diligently research formulas and product characteristics that will help us set new benchmarks in sustainable construction.

UBP's Sustainability Manager is a representative of the Construction and Public works sector of the Entrepreneurs' Club for Circular Economy, set up by Business Mauritius in October 2021. This participation at the industry level is also critical to ensure that we facilitate inclusive discussions with our peers in the industry and work towards common goals.

Our sustainability as a business, and as a nation, is inextricably tied to the resilience of our communities. As part of our concerted efforts to address deep-rooted societal issues, we continue to carry out projects in impactful areas, such as education and socioeconomic development. While we collaborate closely with NGOs to fund their initiatives, we also deliver in-house programmes aiming to equip vulnerable populations with the skills and capabilities they need to lift themselves out of poverty. We are now in the process of reviewing our CSR & sponsorship approach and reorganising our activities to ensure our efforts are more data-driven and targeted.

PROSPECTS FOR 2024

UBP Group is entering the new financial year on strong footing. The integration of FAST and Premix, coupled with Gros Cailloux's return to profitability and Espace Maison's expansion plans are positioning us for accelerated growth. The Group's ambition to become a one-stop shop is coming to life as we rationalise and optimise our portfolio, pursue our exit plan in Madagascar and Sri Lanka, and relentlessly focus on innovation and technology to stay ahead of the curve.

We intend to continue modernising our operating and governance methods to ensure fair shareholder returns. But we need to do so with awareness and responsibility for the interests of all our stakeholders, including our customers, employees, host communities and partners.

Construction is a challenging sector, and what truly sets one company apart from another is the people behind the business. Growth with purpose has been the cornerstone of UBP's journey since its inception 70 years ago, and this past year was no exception. UBP's family values are embodied by all our people and have unified them into a cohesive team who, together, strive to deliver the very best outcomes for clients. On behalf of the Board of Directors I would like to extend my appreciation to all of UBP's employees, who have been the driving force behind our success. Through customised training programmes, we are determined to ensure that people at every tier have the opportunity to enhance their skills and build a meaningful career within the Group. These initiatives also serve to attract younger talent to replace an ageing and retiring workforce.

APPRECIATION

I would like to extend my gratitude to my fellow members of the Board of Directors for their guidance and support in modernising the Group's governance to serve modern-day needs. This holds the key to our future.

My heartfelt gratitude goes out to François Boullé, who retired after serving as a Non-Executive Director for 19 years. He also chaired the Risk Monitoring Committee for many years, bringing invaluable contributions to how risks are managed within the Group. We thank him for his sharp interventions and wish him the very best in his endeavours.

To our executive and management teams, led by our Group CEO Stéphane Ulcoq: your leadership has been truly remarkable in building a strong UBP culture and setting us firmly on course for better days ahead.

Finally, thank you to our customers, partners and suppliers for accompanying us in the pursuit of our vision *to build together a better living environment.*

Jean-Claude Béga
Chairman

THE RIGHT COLLABORATIONS

ABOUT US

Group structure | Our operating regions | Company profiles | The Group through the years | Board of Directors | Management team

Businesses reach pinnacles of success when the right teams are united and aligned to make the most of opportunities and navigate risks, optimising positive outcomes for society.

ABOUT US

Group structure

Subsidiaries

- Compagnie de Gros Cailloux Limitée — 100%
- Espace Maison Ltée — 100%
- Premix Ltd — 100%
- Pricom Ltd — 100%
- Flacq Associated Stonemasters Limited — 100%
- Société d'investissement Rodriguais — 100%
  - Welcome Industries Ltd — 75.9%

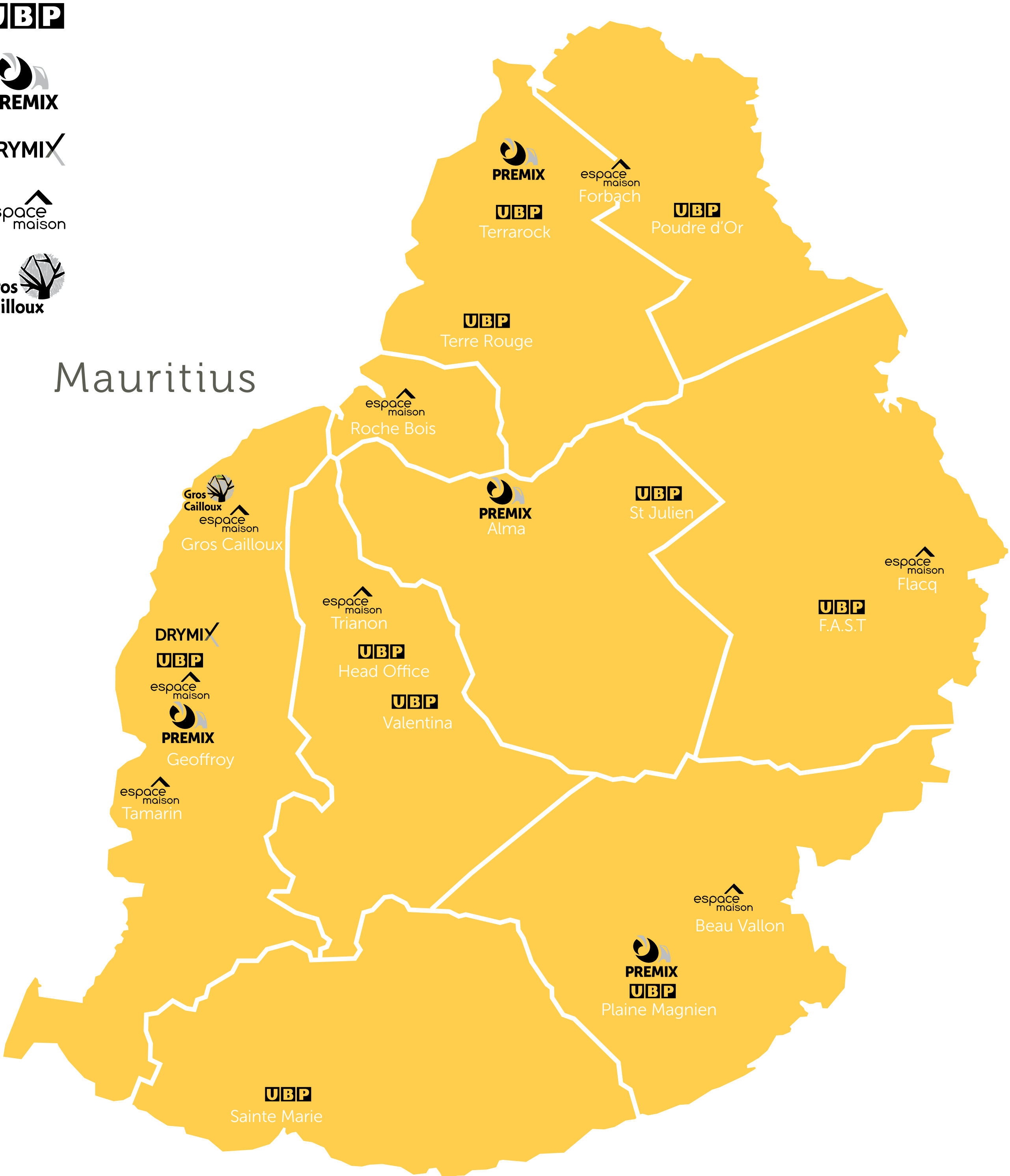
Associates

- Terrarock Ltd — 46%
- Prochimad Mines et Carrière SARL* — 34%
- Cement Transport Ltd — 25%
- Compagnie Mauricienne d'Entreprise Ltée — 20%


UBP Coffrages Ltee
100%
UBP International Limited
100%
UBP Madagascar
100%
Sainte Marie Crushing Plant Limited
76.5%
Drymix Ltd
71.8%
United Granite Product (Private) Limited
77%
Société des Petits Cailloux
100%
Drymat SAS (Réunion)
80%
DHK Metal Crusher (Private) Limited
100%
Sheffield Trading (Private) Limited
100%
Operational
Dormant
* Via UBP Madagascar

ABOUT US

Our operating regions



Rodrigues

Welcome Industries Ltd

Contribution to Group profit after tax:
Rs 7.8 million

Date of establishment: **1993**

Manager: **Jean-Pierre Rose**

HQ: **Plaine Corail**

Permanent employees: **38**

Aggregates and rocksand produced:
>90,000 tonnes

Blocks produced: **>890,000 units**

Madagascar

UBP Madagascar

Contribution to Group profit after tax:
Not profitable

Date of establishment: **1999**

Manager: **Roland Fok Seung**

HQ: **Antananarivo**

Permanent employees: **107**

Aggregates, rocksand and blocks produced: **No production since April 2021**

Sri Lanka

United Granite Products (Private) Limited : UGPL

Contribution to Group profit after tax:
Not profitable

Date of establishment: **2000**

Manager: **Buddika Perera**

HQ: **Kalutara**

Permanent employees: **39**

Aggregates, rocksand and blocks produced: **>120,000 tonnes**

ABOUT US

Company profiles

UBP

UBP, referred to as both a Group and a company, is a public listed entity, with 70 years of experience in the construction materials industry. It has over the years diversified its client offerings by acquiring shares in companies that enable its clients to find everything they need under 'one roof'.

Date of establishment : 1953
Number of shareholders: >4,700
Headcount: 864
General Manager: Jean-Jacques Jullienne
Contribution to Group profit after tax: Rs 100.8 million

Core Products:
Aggregates
Rocksand
Concrete Blocks
Precast items
(Concrete slabs, paving blocks, roof tiles, concrete pipes)

Espace Maison

Your home retailer, Espace Maison, has 6 shops across the island, offering over 35,000 products for your habitat and living environment, including kitchens, decoration and lighting, bathroom and sanitaryware, gardening and pets and hardware and paints.

Date of establishment : 2002
Headcount: 312
General Manager: Benoit Béchard
Contribution to Group profit after tax: Rs 43.2 million

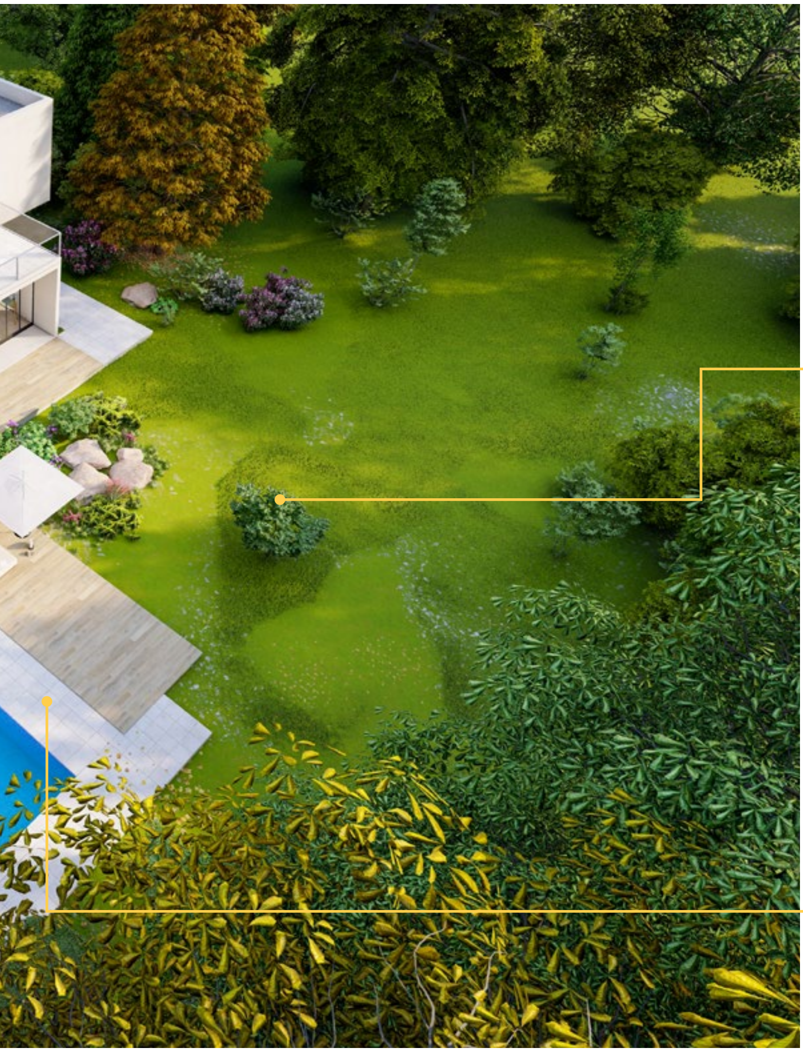
Core Products:
DIY store & home and garden products and accessories

Premix

Premix specialises in ready-mixed concrete, the classics, the esthetics and the pro series. The full integration of Premix into UBP Group will enable us to offer a wider range of products and services to our customers. With concrete in our portfolio, our ambition is more than ever to be the partner of choice for any construction project.

Date of establishment: 1966
UBP increases its stake to 49%: 2010
Date of full ownership by UBP: October 2021
Headcount: 89
General Manager: Vikram Gunnoo
Contribution to Group profit after tax: Rs 5.0 million

Core Products:
Ready-Mixed Concrete Solutions:
The Classics
The Esthetics
The Pro Series



Gros Cailloux

Spreading over some 1,000 acres of land and located in Gros Cailloux and Petite Rivière, Gros Cailloux is comprised of 4 main business activities segments : agriculture (sugar cane, decorative plants and vegetables), nursery, landscaping and recreation and leisure (Le Tekoma Restaurant, quad biking, animal sanctuary and events).

Date of establishment : 1939
Date of full ownership by UBP: 2004
Headcount: 157
General Manager: Christopher Blackburn
Contribution to Group profit after tax: Rs 50.7 million

Core Products:
Agriculture
Nursery
Landscaping
Recreation and Leisure

Drymix

Drymix was the first ready-to-use dry mortar manufacturer in Mauritius. With its ISO certified quality laboratory and 100,000 tonnes plant capacity, Drymix is at the forefront of dry mortars innovation and quality in the Indian Ocean region.

Date of establishment : 1996
Headcount: 115
General Manager: Jean-Claude Bellepeau
Contribution to Group profit after tax: Rs 27.0 million

Core Products:
Primary mortar
Rendering mortar
Levelling mortar
Finishing mortar
Gypsum mortar
Screed
Adhesive mortar
Grout mortar
Repair mortar

ABOUT US

The Group

Through the years - 70 years as a driver of change

1953

UBP is founded through the merger of three companies and is led by Mr. Jean Giraud.

1966

Investment in and inception of **Pre-Mixed Concrete Ltd**.

(now known as **Premix Ltd**)

1968

Purchase of a crushing plant from Cogefar for **Plaine Magnien**; Set up of a production unit in **Poudre d'Or**.

1970

United Concrete Product Seychelles (UCPS) is born.

1982

UBP takes over **Marbella Ltd**, a marble factory.

1993

UBP invests in Welcome Industries Ltd in Rodrigues. UBP also acquires Sud Concassage Ltd.

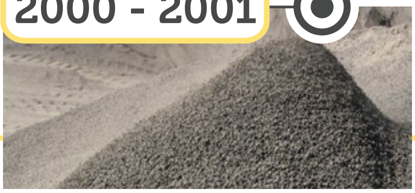
1995-96

Incorporation of **Dry Mixed Products Ltd** (now known as Drymix Ltd) – A 100% subsidiary of **Pre-Mixed Concrete Ltd** and building of its factory.

1999

UBP Madagascar (formerly known as **UBP Tana SARL**) is born.

2000 - 2001



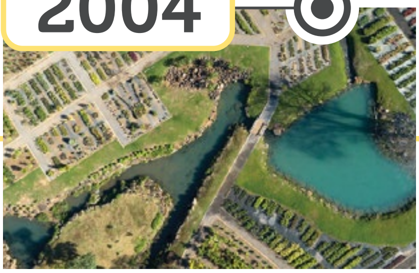
International expansion continues through United Granite Products (Private) Limited in **Sri Lanka**.

UBP stops the removal of coral sand with the production of its rocksand.

2002

Opening of the first **Espace Maison** store in Trianon.

2004



UBP acquires **Compagnie de Gros Cailloux Limitée** for its rock bank.

2005

Espace Maison opens new outlets in Forbach and Tamarin.

2006

UBP acquires a crushing plant in St Julien; **Gros Cailloux** launches a nursery department; **UBP** and **Drymix** create Crepifix's formulation with dry rocksand.

2010

Drymix begins exporting to Reunion Island; **Espace Maison** opens a new outlet in Flacq.

2012-13

Modernisation of **Geoffroy** crushing plant; Upgrade of **St Julien** crushing plant.

2015

UBP builds a new 2,000 m^2 warehouse in Roche-Bois; Installation of automatic dosing system for additives **Gros Cailloux** launches its vegetable growing activities.

2016

Drymix invests in new machinery in Geoffroy to modernise its production process, and **UBP** launches its Smart Blocks range.

2017

Sud Concassage Limitée ceases its activities and almost all of its employees are relocated; **Espace Maison** renovates its outlets in Trianon, Forbach, Tamarin & Flacq and launches its first mobile app.

2018

Gros Cailloux launches Bio Pesticide; **Espace Maison** launches its e-commerce website with over 18,000 products.

2019

Opening of **Espace Maison** shop at Beau Vallon.

2020

The COVID-19 pandemic disrupts the world. Mauritius enters a 2.5-month national lockdown and emerges COVID-safe mid-year.

2021

In October 2021, the Group increased its ownership from 54.6% to 71.8% in **Drymix** and from 49% to 100% in **Premix**.

2022

- In January – The Group takes over the management of **Premix**.
- In July – A Share Purchase Agreement (SPA) is signed for the acquisition of several companies operating in the same line of business as UBP in Reunion Island, subject to the satisfactory completion of conditions precedent.

2023

UBP celebrates its 70 years of existence and becomes a 100% shareholder of F.A.S.T

ABOUT US

Board of Directors

Respective profiles are detailed on pages 115 to 116 of this report.

1. **Jean-Claude Béga**
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

2. **Jan Boullé**
NON-EXECUTIVE DIRECTOR

3. **Stéphane Brossard**
INDEPENDENT NON-EXECUTIVE DIRECTOR

4. **Catherine Gris**
INDEPENDENT NON-EXECUTIVE DIRECTOR

5. **Stéphane Lagesse**
NON-EXECUTIVE DIRECTOR

6. **Thierry Lagesse**
NON-EXECUTIVE DIRECTOR

7. **Christine Marot**
NON-EXECUTIVE DIRECTOR

8. **Kalindee Ramdhonee**
INDEPENDENT NON-EXECUTIVE DIRECTOR

9. **Christophe Quevauvilliers**
GROUP CFO, EXECUTIVE DIRECTOR AND COMPANY SECRETARY

10. **Stéphane Ulcoq**
GROUP CEO AND EXECUTIVE DIRECTOR

ABOUT US

Management team

Please refer to the organigram on page 110 of the CG

Stéphane Ulcoq
GROUP CEO AND EXECUTIVE DIRECTOR

1. Mr Stéphane Ulcoq, born in 1977, holds a 'Diplôme d'Ingénieur en Mécanique' from the 'Institut National des Sciences Appliquées' (INSA) of Rouen, France and an 'MBA International Paris' from the 'Paris Dauphine and La Sorbonne Universities'. He also holds a Certificate in Global Management awarded by INSEAD after having completed three Executive Education Programs at INSEAD Fontainebleau, France and INSEAD Singapore in 2011 and 2012. Mr Ulcoq joined the Company as Assistant Works Manager in 2000 and was promoted Workshop Manager in 2007. In January 2012, Mr Ulcoq was promoted to the post of Production Manager where he was in charge of all production units, both in Mauritius and overseas. In addition to his responsibilities as Production Manager, Mr Ulcoq was appointed Deputy CEO by the Board of Directors in December 2012. He then gradually handed over his duties as Production Manager and was appointed CEO of the Company in January 2015, and eventually Group CEO with effect from July 2015.

Group Functions

Laurent Béga
GROUP ENGINEERING MANAGER

2. Mr. Laurent Béga, born in 1979, holds a BSc in Mechanical Engineering from the University of Cape Town, SA and an MBA from the University of Surrey, UK. He has experience in engineering and project management across port, sugar, oil & gas, and construction materials industries on an international scale. He joined UBP in 2014 as Group Engineering Manager and puts his skills in negotiation, strategic thinking, and adaptability to contribution. Aligned with the core values of the group, in 2017 he introduced a centralised Engineering Project and Design office to strengthen the group's engineering capabilities. Driven by a commitment to innovation and service excellence, in 2021 he established the Fleet Optimisation Cluster to enhance the management of the group's industrial mobile assets.

Cécile Boyer
GROUP FINANCIAL CONTROLLER

4. Ms Cécile Boyer, born in 1989, joined the Company as Group Financial Controller in April 2020. Ms Boyer holds a Master in Management with a specialisation in Finance from Kedge Business School in Bordeaux, France. She has more than ten years of experience in the field of Finance in Mauritius and abroad.

Clémence Bossu-Picat
GROUP PROJECT OFFICE MANAGER

3. Born in 1985, Clémence Bossu-Picat has joined the company in March 2022 as Chargée de Mission for the Group Communication department, focusing on Premix brand positioning strategy and communication. Since May 2023, she has been appointed as Group Project Office Manager, responsible for advisory, project portfolio monitoring and transversal project management for the Group. End of 2023 Clémence will be taking new responsibilities within the Group initiative The Path as a trainer and as member of the Steering Committee for Service Excellence Program.
Holder of a Masters in Cultural Engineering & Communication at L'ICART Paris, she has built her experience in firms involved in luxury sectors, as International Communication Manager for beauty and fashion group PUIG in Paris, and as Director of Client Services and Comex Board Member for Lartisien, a travel and lifestyle company managing a portfolio of 5* Hotels and Palaces around the World.

Alan Cunniah
GROUP HUMAN RESOURCE MANAGER

5. Mr Alan Cunniah, born in 1968, holds a Bachelor of Science degree in Actuarial Science from the University of Calgary, Canada and an MBA specialising in Human Resource Management from the University of Mauritius. Prior to joining the Group in July 2018, he worked as Head of Human Resources for ENL group for ten years.

Bryan Gujjalu
GROUP CHIEF STRATEGY OFFICER

6. Mr Bryan Gujjalu, born in 1976, holds a « Diplôme d'Ingénieur » from INSA Lyon (MEng) and an MBA from the « Institut d'Administration des Entreprises » (IAE), France. He is also a Certified Registered Professional Engineer and EUR ING Engineer and a Certified Practitioner Coach (Business and Life). He previously worked in the APAVE Group for 12 years, and he left as CEO of APAVE Indian Ocean Group and Deputy MD of APAVE International for the Southern Africa-Indian Ocean-Australia region. He also served as Non-Executive Director on the Board of the Mauritius Institute of Directors (MIoD), and member of its Audit and Risk Committee. From 2014 he worked in the Financial Sector (private equity listing on the Stock Exchange). In March 2017, he joined the Company as Group Business Development Manager, in charge of the international subsidiaries, Mergers and Acquisitions, Group transformation initiatives and strategic projects. He was nominated as Group Chief Strategy Officer in July 2022.

Gino Gunness
GROUP PROCUREMENT AND ASSETS MANAGER

7. Mr Gino Gunness, born in 1967, holds a 'Brevet de Technicien en Fabrication et Maintenance Mécanique' from the Lycée Polytechnique Sir Guy Forget in Flacq, Mauritius. He also followed several training courses in stone crushing equipment maintenance and management. He joined the Company as Technical Assistant for the maintenance of crushing plants in July 1989 and was promoted to the post of Plant Manager in 1991. He managed several plants within the Group, including Welcome Industries in Rodrigues, until 2003. Between 2004 and 2011, he was expatriated to Madagascar to act as General Manager of UBP Madagascar. Back in Mauritius in 2012, he was appointed Assistant Production Manager before being promoted to the post of Service Manager of the Heavy Machinery department of our Engineering Division in 2013. In April 2017, he was promoted to the post of Group Procurement and Assets Manager. Since September 2019, he is supporting the management of UBP Madagascar from Mauritius with some close monitoring from time to time in Madagascar.

Sankish Haguthee
GROUP HEALTH, SAFETY AND ENVIRONMENT MANAGER

8. Mr Sankish Haguthee, born in 1984, holds a MSc in Total Quality Management and Performance Excellence from the University of Mauritius and a BSc of Occupational Safety and Health Management from the University of Technology, Mauritius. He joined the Velogic Group and Manser Saxon Group in years 2009 and 2013 respectively, where he was promoted as Health and Safety Manager. In November 2021, he joined the Company as Group Health, Safety and Environment Manager. He has fourteen years of experience in the Health, Safety and Environment field from various sectors of activities.

Dwight Hamilton
GROUP IT MANAGER

9. Mr Dwight Hamilton, born in 1974, holds a Professional Graduate Diploma in Information Technology from the National Council for Vocational Qualification (NCVQ). He joined the Company as Systems Coordinator in May 2004 where he was responsible for the implementation of the ERP for the Group. In 2011, he was promoted to the post of IT Manager for the Group.

Samantha Perrier
GROUP COMMUNICATIONS MANAGER

10. Mrs Samantha Perrier, born in 1978, holds an Executive Master in Marketing from the University of Paris-Dauphine. She joined the Company as Group Communications Manager in October 2019. She has seventeen years of experience in the field of communications, locally and abroad.

Christophe Quevauvilliers
GROUP CFO, EXECUTIVE DIRECTOR AND COMPANY SECRETARY

11. Mr Christophe Quevauvilliers, born in 1968, is a Fellow member of the Association of Chartered Certified Accountants. He joined the Company as Finance Manager and Company Secretary in May 2002. In 2015, he was appointed as Executive Director to the Board. He is now the Group CFO and sits on the Board of several companies within the Group."

Dhuenesh Rambarassah
GROUP FINANCE MANAGER

12. Mr Dhuenesh Rambarassah, born in 1976, is a Fellow member of the Association of Chartered Certified Accountants and holder of an MBA with a specialisation in strategic planning from the Edinburgh Business School of Scotland. He joined the Company as Financial Accountant in February 2006 after having spent more than eight years successively in the Audit and Assurance department of Ernst & Young and De Chazal Du Mée (now known as BDO). Mr Rambarassah was designated Financial Controller of the majority of companies within the Group in July 2013 and Group Finance Manager in 2020.

Isabelle Tadebois
HEAD OF CORPORATE SECRETARIAL SERVICES

13. Mrs Isabelle Tadebois, is an experienced Company Secretary and has joined UBP as head of Corporate Secretarial Services in May 2023. She brings to the group nearly 30 years' experience as Company Secretary in different sectors: including financial services, manufacturing, hospitality, agriculture and commercial. Isabelle is a qualified Company Secretary from The Chartered Governance Institute (formerly known as The Institute of Company Secretaries and Administrators). She acquired skills in people leadership through the training, mentoring and coaching of individuals and terms in the legal, Company Secretary and compliance functions within the various organisations.

ABOUT US

Management team

UBP

Jean-Jacques Jullienne
GENERAL MANAGER

14. Mr Jean-Jacques Jullienne, born in 1966, holds an MBA from the University of Paris-Dauphine and a National Diploma in Mechanical Engineering from the Technical College of Durban. He joined the Company as Head of Operations in September 2019 and was nominated as General Manager in July 2022.

Amaury Lacoste
PRODUCTION MANAGER

15. Mr Amaury Lacoste, born in 1985, holds a Master in civil engineering from the University Paul Sabatier, Toulouse, and an executive MBA from the University of Paris-Dauphine and Sorbonne Business School. He joined the Company in 2010 and worked within the Engineering Division of the Company up to 2013, after which he joined the production team as Assistant Production Manager. From January 2015 to July 2017, Mr Lacoste was overseeing all production facilities within the central and southern regions. Thereafter, all crushing and block making activities throughout the island fell under his responsibility. Since January 2021, the management of production facilities in Sri Lanka and Rodrigues were also added to his portfolio.

Ashwin Ramsaha
MANAGER – PPB DIVISION

16. Mr Ashwin Ramsaha, born in 1959, holds an MSc in Civil Engineering with a specialisation in Structural Engineering from the University of Architecture, Civil Engineering and Geodesy located in Sofia, Bulgaria. He is a Registered Professional Engineer of the Council of Engineers in Mauritius and Member of the Institution of Engineers. He has been practicing continuously in the private and public sectors in Mauritius and in Toronto since 1987. In November 2007, Mr Ramsaha joined the Company as Assistant Manager of our PPB Division which is involved in the production of precast concrete slabs. In February 2015, he was promoted to the post of Manager of that division.

Bruno de Spéville
MANAGER – MARBELLA DIVISION

17. Mr Bruno de Spéville, born in 1960, followed an induction course with Euro Brevet in a cement tiles factory in the UK. He joined the Company as Sales Manager in September 1994 after having managed Bocaro Ltd from 1979 to 1987 and worked as Sales Manager at Rogers Building Materials Products Ltd from 1988 to 1994. In 2002, he was appointed Project and Commercial Manager of Espace Maison Ltée. In January 2016, he was appointed Manager of UBP – Marbella Division where he has since been responsible for the production of precast products, concrete pipes, roof tiles and rustic pavements.

Xavier Toulet
CONTRACT AND QUARRY MANAGER

18. Mr Xavier Toulet, born in 1978, holds a Certificate in Mechanical Engineering from Durban Technical College, South Africa. He joined the Company as Contract and Quarry Manager in May 2022. From November 2007 to April 2022, he was the General Manager of Pex Hydraulics and Flexicom Limited (MECOM group). Previously, during his career, Mr Toulet also worked as Plant Manager for UBP from November 2002 to October 2007.

Subsidiaries

Jean-Claude Bellepeau
GENERAL MANAGER OF DRYMIX LTD

19. Mr Jean-Claude Bellepeau, born in 1963, holds a 'Diplôme d'Ingénieur Chimiste' from EHICS in 1989, now called ECPM, Strasbourg, France. After having spent ten years in the textile and industrial chemicals sectors in Mauritius, he joined the Lafarge Group to launch the cement terminal in Mayotte. He then joined Premix as Operations Manager in February 2003 and was promoted to General Manager of Premix and Drymix in 2008. In 2011, further to the restructuring of the two companies, he directed the integration of Drymix into the UBP Group and is henceforth the General Manager of the company.

Benoit Béchard
GENERAL MANAGER OF ESPACE MAISON LTÉE

20. Mr Benoit Béchard, born in 1965, holds an MBA with a specialisation in Finance from the Charles Sturt University NSW, Australia, an ISM Diploma in Management from the Institute of Leadership and Management of UK and a Foundation Certificate in Tax from the Taxation Institute of Australia. He is a member of the Australian Institute of Management and of the Taxation Institute of Australia and an affiliate member of the Institute of Leadership and Management of UK. He holds a 'Certification Negociation Complexe ADN' Expert and Professional Level. He joined the Group as General Manager of Espace Maison in January 2016, after having occupied senior managerial positions in various sectors of activity over the past twenty years.

Christopher Blackburn
GENERAL MANAGER OF COMPAGNIE DE GROS CAILLOUX LIMITÉE

21. Mr Christopher Blackburn, born in 1969, holds a 'Brevet de Technicien Agricole' with a specialisation in 'Jardin Espace Vert' (France), a Bachelor of Commerce in Marketing from Curtin University Australia and a Master's degree in Strategic and Consulting Organisation with ESCP Paris. He joined the Group as General Manager of Gros Cailloux in May 2012 after having worked as General Manager of the Landscaping and Nursery department at Médine Ltd.

Vikram Gunnoo
GENERAL MANAGER OF PREMIX LTD

22. Mr Vikram Gunnoo, born in 1979, holds a bachelor's degree in Civil Engineering and a MSc in Project Management from the University of Mauritius. He is a Registered Professional Engineer of the Council of Engineers in Mauritius as well as a Concrete Technologist from the Institute of Concrete Technology UK. Further to the takeover of Premix by UBP in November 2021, Mr Gunnoo was appointed as General Manager in June 2022.

STRATEGIC AGILITY & READINESS

STRATEGY

Group CEO's message | Business model | Operating environment | Strategy | Risk report

Our state of readiness is constantly evolving, always ready to adapt to the changing circumstances.

70 years: a new milestone

STÉPHANE ULCOQ
Group CEO

STRATEGY

Group CEO's message

70 YEARS: A NEW MILESTONE

LAST YEAR, UBP GROUP HAD WHAT YOU CALLED A 'BREAKTHROUGH' FINANCIAL YEAR. WAS THIS MOMENTUM PURSUED INTO FY 2023?

UBP Group delivered a satisfactory 15% increase in revenue and a turnaround performance in terms of net profit due to the exceptional goodwill impairment of Premix Ltd in FY 2022. Having said that, I would not characterise FY 2023 as a breakthrough year. The upsurge in imports, fuel, electricity and maintenance costs significantly impacted our core businesses locally, leading to escalated production costs and logistics expenses, and severely affecting our profit margins. However, our net result for the year benefitted from the reversal of provisions on staff-related costs, retirement benefit liabilities, inventories and expected credit losses during the last quarter of the financial year.

Our retail segment, for its part, saw a 7.9% increase in revenue but profitability suffered from reduced household income caused by inflation, while also contending with soaring operating expenses. The successive spikes in interest rates severely affected our borrowing and financing costs, which were particularly high following our recent investments in Premix, Drymix and FAST. Additionally, we incurred exceptional costs related to the due diligence process carried out for the acquisition of a group of companies in Reunion Island, which also drove down our bottom line.

As you know, UBP measures its achievements through the dual lens of its financial and non-financial performance. And although the Group's financial performance was not up to expectations, what we have achieved at the individual business level, and from a strategic standpoint, is noteworthy. Our core business locally led the way, driven in part by the consolidation of Premix Ltd (formerly Pre-Mixed Concrete Limited) as a subsidiary for the first full financial year and the acquisition of 100% of Flacq Associated Stonemasters Limited (FAST) in March 2023. Alongside this, we continued to invest heavily in training our people; we captured crucial expansion opportunities; and we innovated fiercely to improve our operational efficiency and deliver on our environmental commitments.

Not least of all is Gros Cailloux's return to profitability, marking a watershed in its story. The strong engagement of our teams injected new impetus and focus within the company, turning the business around after many years of losses, and confirming that UBP's core values - Engagement, Innovation and Integrity - are more than just words.

DOES UBP'S STRATEGY STILL HOLD TRUE, GIVEN THE COMPLEX AND VOLATILE ENVIRONMENT?

Although we are guided by a strategic vision, which sets a clear direction in which the Group is heading, strategic planning at UBP is not about having an immovable roadmap or fixed destination that must be followed under any circumstances. I believe this rigid approach would limit innovation and could lead to a failure to capture unexpected opportunities. In a world that is in constant flux, and especially in an industry that is cyclical and volatile in nature, the window of strategic opportunity is usually short. This is why we must have a dynamic and adaptive strategy that allows us to pivot to a new course of action when the situation warrants it. While we cannot fully eliminate external risk, we can increase our odds of success by focusing on the inner workings of our organisation. This means developing the agility and readiness to swiftly reconfigure processes, structures and resources for new circumstances.

Our increased shareholding in FAST to 100%, and our imminent acquisition of the group of companies in Reunion Island are two recent examples of the Group's preparedness to act decisively when unexpected opportunities arise.

Of course, this entails developing a good understanding of our operating environment; remaining close to our clients to understand their needs; having the right internal controls in place to model different scenarios and evaluate potential trade-offs; and having a culture of continuous learning that encourages us to grow from our successes and failures. These will all hold true, even when our strategic direction is called upon to shift.

WHAT WERE THE MAIN OPERATIONAL HIGHLIGHTS OF THE YEAR?

I would first like to make a distinction between our 'Grey cluster' - UBP, Premix and Drymix (our Core Business) - and the other two segments, represented by Espace Maison (Retail) and Gros Cailloux (Leisure & Agriculture). With the integration of Premix in October 2021, the 'Grey cluster' was solidified as a one-stop solutions provider able to respond to any construction need, with UBP's blocks, aggregates, rocksand and other concrete products like paving-blocks, roof tiles, pipes and slabs; Drymix's ready-to-use dry mortar and ISO-certified lab; and Premix's range of ready-mixed concrete. A strategy is being developed to promote the cross-selling of products, bring the teams closer together and position the 'Grey cluster'-UBP, Premix and Drymix (our Core Business) – as an integrated business.

STRATEGY

Group CEO's message

70 YEARS: A NEW MILESTONE

Unlike the retail business, the price of building materials, in particular cement, tends to be inelastic. Due to this, as well as our reluctance to pass on the higher production and operating costs to our customers, our margins took a severe hit. Even so, all three companies were profitable during the year and were the largest contributors to the Group's revenue increase. The strategic acquisition of FAST, which has already contributed Rs 36 million to Group revenue in FY 2023, is expected to drive further revenue and cost synergies between FAST and UBP St Julien, whose combined forces are poised to take their production capacities to a higher level.

Premix is undergoing a phase of transformation following the smooth transfer of management responsibilities from LafargeHolcim to UBP in FY 2022. Prior to our acquisition, Premix was virtually unknown to individual customers. We invested heavily in communication and marketing materials to give Premix more visibility and fuel brand awareness in a bid to position Premix as a strategic pillar for the Group. We also made considerable investments in new equipment and trucks to upgrade its fleet. Although our Capex investment rose as a result, they are a prerequisite to preparing Premix for an ambitious future.

Drymix delivered mixed results, on account of supply chain challenges and skyrocketing expenses. A deep-dive into the business, however, revealed certain areas of improvement. We took prompt action by appointing a new Production Manager to optimise the production process, and by implementing a new shift system to maximise the plant's production capacity. Improved coordination between our production, inventory and sales processes led to Drymix comfortably meeting its production target for the year.

Espace Maison had a very satisfactory year, in spite of a decrease in profitability. Excellent procurement and inventory management practices, coupled with continuous innovation in all areas, from product offerings to loyalty programmes, paid off. Espace Maison has made leaps and bounds in creating a seamless shopping experience across its retail network, ecommerce website and mobile applications, thanks, in large part, to its ability to harness data to gain valuable insights into customer behaviours and buying habits. It also placed greater emphasis on its people through a programme entitled 'How to make our people happy', aiming to combat the high employee attrition plaguing the retail industry.

Gros Cailloux's performance was boosted by favourable sugar prices, improved vegetable-growing and greenhouse activities, and the 'Enn Roupi Profi' challenge, which pushed for a return to profitability without relying on the sale of land. This challenge was taken up with great enthusiasm by Gros Cailloux's team through a series of well-coordinated actions and training sessions. The restaurant operations, which were previously ineffective and costly, were leased out to a third party, turning around the performance of Tekoma. Now better structured, with a dedicated manager for each cluster - agriculture, nursery, landscaping, and recreation & leisure - we are confident that this 'reset year' will serve as a springboard for Gros Cailloux's sustained growth.

HAS THE GROUP MADE ANY PROGRESS IN DIVESTING ITS FOREIGN SUBSIDIARIES? IS REGIONAL EXPANSION STILL PART OF THE STRATEGY?

Our regional expansion is in full swing and very much central to our growth strategy, even if it has changed course. We are still firm in our intent to dispose of both operations in Sri Lanka and Madagascar, but several factors have delayed our exit plan.

In Sri Lanka, we continued to operate in unfavourable circumstances: political instability prevailed, along with power cuts and shortages of commodities such as fuel. Furthermore, the prohibition on the import and use of explosives, which are vital for quarrying activities, has hindered our plans there. We are confident in our ability to maintain our operations in Sri Lanka until the country regains its footing, and until we find ourselves in the right conditions to resume our search for a suitable buyer.

In Madagascar, contrary to Sri Lanka, operations are at a standstill. We have been keeping our workforce on the payroll in the hope of being ready to resume activities upon securing a buyer. Having been unsuccessful in our endeavours due to the gloomy economic climate, we have embarked on a piecemeal exit, which entails the progressive liquidation of our stone-crushing activities. We have maintained our blasting activities for mining projects for the moment, but we expect to fully exit our Malagasy operation in the coming financial year.

Meanwhile, we expect to finalise the acquisition of the group of companies in Reunion Island in FY 2024, once all the conditions precedent will have been satisfied.

YOU MENTIONED THAT UBP'S INNOVATION CAPACITY HELPED TO ENHANCE OPERATIONAL EFFICIENCY. COULD YOU SHARE SOME KEY EXAMPLES OF THIS?

Indeed, we expanded the budget dedicated to Research & Development (R&D), which is opening up exciting avenues for cost savings, revenue synergies and substantial progress in our sustainability commitments. The Capitals Report (on pages 56 to 105) offers extensive details on these projects, so I will highlight only the most noteworthy innovations:

- At the Group level, we embarked on the modernisation of our IT systems, with the goal of centralising critical data from all businesses onto one core ERP, giving us end-to-end visibility into our processes. Premix and Drymix have already migrated to the new system, and the Group's other entities will follow suit in the coming years. An IT Committee was set up to steer this project.
- We successfully completed the automation of our St Julien plant using a system called SCADA, which is fully customised to our stone-crushing processes and specificities, and which provides real-time data for swift decision-making. The next step is to progressively roll out the system to all major production sites and eventually have every UBP site fully automated and digitalised.
- The Customer Care Center, which was set up in 2022 to serve UBP, Premix and Drymix's clients, was further refined to improve the feedback mechanism. Of the customers who participated in the feedback survey, 100% of them rated our service as "Satisfactory" or "Very Satisfactory". Given the volume of queries coming in each day, we are extremely encouraged by these outcomes and aim to continue using our customers' valuable feedback to elevate our service levels.
- Espace Maison further enhanced its e-commerce website and mobile app with new functionalities based on the data and feedback gathered from customers. For instance, the Club Espace Maison's mobile app now includes a warranty tracker. All of these efforts led to a 30% increase in downloads, and the Club Espace Maison's customer base counts over 133,000 loyal members.

Naturally, any digital adoption goes hand in hand with adequate change management. Continuous training and upskilling are central to our ability to fully maximise the use of these systems. We spent close to Rs 8 million in training and development, a 20% increase over the previous year, to equip our workforce with the technical skills, knowledge and digital-first mindset needed for them to develop a state of readiness in the face of opportunities or challenges.

> "Our people are the driving force behind our success and developing our talents is at the centre of our priorities."

COULD YOU SHARE MORE ON HOW THE GROUP INTENDS TO STRENGTHEN THE 'READINESS' OF ITS WORKFORCE?

Our people are the driving force behind our success and developing our talents is at the centre of our priorities. This commitment is demonstrated in the launch of The Path, a comprehensive development programme designed to provide our employees with a meaningful career path, and not just a job. Each employee first undergoes a needs assessment. The findings of this assessment form the basis for a personalised development path that is not only in line with their individual career aspirations, but also aligned with the Group's strategic objectives, such as embedding service excellence and sustainability as a mindset. Training is delivered through several mediums to give employees every chance to learn, move into new roles within the Group, and hone their management and leadership skills.

One of the biggest threats to our industry relates to retaining and attracting talent. The construction industry has historically faced labour challenges due to common misconceptions, but this has escalated into an urgent need to fill the skills gap and replace an ageing workforce. This is a relatively new challenge for us, given that the family values that prevail at UBP have always been a strong differentiating factor for us as an employer. Several colleagues have had longstanding careers with the Group, marking 30, 40, and up to 49 years of service. We introduced the Long-Term Service Award to honour team members who have had at least 10 years of employment at UBP, which applied to 530 colleagues across our businesses and brought new meaning to the phrase 'Tough times don't last, tough people do'. On behalf of the Group, we are proud to have you as part of our work family. From the bottom of our hearts, we thank you for your loyalty and for the positive mark you have left.

STRATEGY

Group CEO's message

70 YEARS: A NEW MILESTONE

This is a track record we are proud of, and one we intend to perpetuate by continuing to stay attentive to our people's needs. We are also aware that to ensure the resilience of our business and industry, we must remain attuned to the expectations of the younger generation entering the workforce, such as wellbeing, work-life balance, digital tools and teamwork. These are already important components of our organisational culture, but we are committed to doing more to create a work environment where people find meaning and purpose in their work.

The Human Capital report on page 66 details how The Path and our People strategy are positioning the Group as an employer of choice.

WHAT PROGRESS IS UBP MAKING ON ITS ENVIRONMENTAL AND SOCIAL COMMITMENTS?

UBP has always been a strong advocate for sustainability, as I have previously highlighted. In FY 2023, we increased our sustainability training sixfold over the previous year to build up sustainable behaviours and environmental sensitivity at a grassroots level. We are far from being sustainability champions, but there has been a noticeable mindset and behavioural shift within the Group, whether in the areas of product development and risk management, or in the daily actions in our head office and across our sites.

Tackling climate change is arguably one of the most important issues of our time. Rising urbanisation patterns and infrastructure needs are leading to the widespread use of cement, which is a large contributor to global warming. Our strategy is centred on reducing the carbon intensity of our products. Drymix, in particular, exemplifies the Group's strong commitment to R&D in its quest for eco-friendly products. Every product, every formulation is carefully considered with sustainability and longevity in mind.

To take our initiatives even further, we carried out a double materiality assessment of the Group to evaluate how our activities impact society and the environment, and, in turn, how we are affected by sustainability issues. We intend to assess all Group entities individually through focus groups, and use those findings to craft an integrated sustainability strategy that addresses the most material matters.

The path to decarbonisation requires creative leadership and a firm resolve to act, but no company can bring about the necessary changes in isolation. We find ourselves in an increasingly complex regulatory environment, and while we fully welcome new frameworks and norms to regulate the construction industry, some are not delivering the intended outcome due to a lack of coordination between stakeholders. As a founding member of the BMMA (Building Materials Manufacturers Association), we strongly believe in collaboration at the industry level to drive more impactful change. The development of Mauritian norms and standards for concrete blocks in 2023 is a powerful illustration of effective coordination between players in our sector and regulators to set new standards for the sustainability of the industry.

Our social commitments extend not only to our external communities, but also internally, to our workforce. True to our word, we have worked hard to reinforce our Health & Safety (HSE) practices. Each entity has its own full-time dedicated HSE officer, responsible for enforcing a culture of safety on all our sites. This includes not only installing guardrails and protective equipment, but also focusing on more preventative measures, such as medical checkups, regular site inspections and a competency test during the hiring process to stay one step ahead of HSE risks.

We strive to extend this same degree of care and empathy to our communities. We have nurtured strong ties with NGOs and community members over the years, collaborating with them to tackle deep-rooted issues such as social inclusion and education, which are two pillars for societal progress. Beyond our in-house CSR programme, we also contribute to Fondation Joseph Lagesse's Empowerment, Literacy and Rapid Response programmes, which are also aligned with the United Nations Sustainable Development Goals.

HOW IS FY 2024 LOOKING FOR THE GROUP?

The outlook looks promising. Two months into the new financial year, the companies in our 'Grey cluster' have already outperformed the corresponding period last year. We are now focusing on the following priorities:

- Prepare for the integration of the Reunion Island group of companies into UBP Group. Our governance, executive and organisational structures are being reviewed to better support our growing activities and ensure a smooth transition.
- Execute our one-stop strategy for the 'Grey cluster'. We have embarked on a programme to bring more cohesion and alignment between the teams, and ensure an integrated service across UBP, Drymix and Premix. The programme will then be deployed at Espace Maison and Gros Cailloux, with the aim of positioning UBP Group as a partner of choice for any construction or renovation project.

- Building on the success of the St Julien plant, we are targeting the automation of at least two additional plants in FY 2023.

DO YOU HAVE ANY FINAL THOUGHTS TO SHARE WITH UBP'S STAKEHOLDERS?

My optimism and confidence for the future come from our ability to constantly challenge ourselves, look at new ways to improve, and never rest on our laurels. For instance, we used this year's adversities as stepping stones to improve our financial and operational efficiency. Looking back at UBP's 70 years of existence, I am reminded of the many instances in which the Group used adversity as a positive accelerant for change. In the 1960s, following the effects of Cyclone Carole, UBP became the first to industrialise the process of block-making. In 2004, UBP pivoted its activities into the production of rocksand to support the country's construction needs. This was a necessary shift to prevent coastal erosion and protect our marine ecosystems, on which we are highly dependent for tourism.

When I joined the Group as an Assistant Works Manager back in 2000, UBP was a very different company. From a traditional building materials company, UBP has evolved time and time again to meet the needs of customers, growing into a Group of five standalone companies, each with its own value proposition and identity, and even stronger collectively. Today, UBP-branded blocks and our Premix signature mixer trucks are instantly recognised by Mauritians across the country, reminding us that UBP is deeply anchored in the local landscape. Our growth has been in tandem with the unfolding of the Mauritian story. This is a source of great pride and strength for us.

For us, celebrating the 70th anniversary of UBP is a celebration of the many people who have stood by our side along this journey, and who have been directly or indirectly involved in our growth. Our employees, who have worked tirelessly, through triumphs and setbacks, have shaped UBP into the leading company we are today. They are the heartbeat of UBP. As we celebrate this milestone together, through a series of activities and events, we wish to pay tribute to the heroes, even those no longer with us, who have made these 70 years nothing short of extraordinary. None of this would have been possible without our partners and customers, whose faith in us has always pushed us to achieve what seemed impossible; or without the oversight of our highly engaged and dedicated Board of Directors. It is even more gratifying to celebrate this milestone as the future for UBP looks bright.

On this note, I would like to thank the men and women who make up the UBP family. A special token of appreciation goes out to the team members who played a part in the spectacular turnaround of Gros Cailloux. I have been beyond impressed by the engagement of our teams, as well as the strong sense of belonging and unity that is instilled in our organisation.

Thank you to our Board members for their stewardship and for setting high standards of governance that will be critical to our growth plans. I also extend my gratitude to our customers, partners and shareholders, who continue to offer us their unwavering support.

Having come this far over the course of 70 years, let us turn eagerly to the years that lie ahead, which promise to be equally exciting and rewarding.

Stéphane Ulcoq
Group CEO

> **"Our growth has been in tandem with the unfolding of the Mauritian story. This is a source of great pride and strength for us."**

STRATEGY

Business model

Business lines composed heavily of "Trades" are at the heart of UBP Group and are fundamental to the success of our business model. While multiple business lines work synergistically within each of the companies of the Group, we have chosen to highlight the most significant ones that drive our value creation.

Capital definitions

Natural Capital
Inventory of renewable and non-renewable environmental resources and processes including land, minerals, air, water and biodiversity that provide natural resource inputs and environmental services for economic production.

Human Capital
People's individual and collective competencies, capabilities and experience, and their motivation and capacity to innovate and be productive.

Manufactured Capital
Manufactured physical assets, including buildings and infrastructure, which may be purchased from other entities or internally generated for use in the provision of services.

Intellectual Capital
Organisational, knowledge-based intangibles including intellectual property, trademarks and organisational capital like tacit knowledge, systems and protocols.

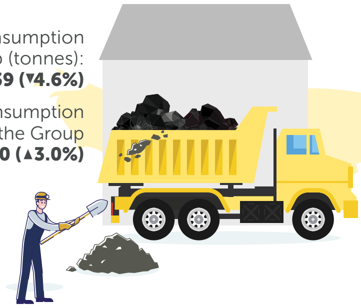
Social Capital
The institutions and relationships within and between organisations, communities, groups of shareholders and other networks. This includes key stakeholder relationships and intangibles associated with our reputation and brand, social norms and values.

Financial Capital
The monetary resources necessary and available to a business to produce and offer goods and services.

Inputs

Natural gas consumption across the Group (tonnes): **339 (▼4.6%)**

Diesel consumption across the Group (million litres): **4.0 (▲3.0%)**



Training investment (Rs million): **7.9 (▲19.9 %)**

Investment and Acquisitions
Property, plant and equipment
Capex investment:
UBP: **Rs 437.7 million**
Premix: **Rs 41.7 million**
Drymix: **Rs 20.1 million**
Espace Maison: **Rs 36.0 million**
Gros Cailloux: **Rs 22.1 million**

Cement consumption (tonnes): **113,000 (▲16.8%)**

Boulders crushed (tonnes): **▲0.82%**

12 IT Group Team members

Additional members in Club Espace Maison: **▲18,341**

Land under cultivation (ha):
Food crops: **▲14.2%**
Sugarcane: **▲6.9%**
Nursery: **▲25%**

Fertilisers (tonnes/ha): **▼18.8%**
Herbicides (tonnes/ha): **Same as FY 2022**
Pesticides (tonnes/ha): **▲11.90%**

Property, plant and equipment: **Rs 4.9 billion**
Total assets: **Rs 7.7 billion**
Payment to suppliers: **Rs 3.4 billion**

Outputs

Outcomes

Outputs		Outcomes
Emissions per 100mm block ($KgCO_{2e}$): **1.02** Emissions per 150mm block ($KgCO_{2e}$): **1.34** Emissions per 200 mm block ($KgCO_{2e}$): **1.64** Number of air quality monitoring exercises across UBP production sites: **10** Number of noise monitoring exercises across UBP production sites: **43**	Landscapes created (Rs. million): **30.5 (▲18.2%)** Number of public charging stations installed for electric vehicles: **3** Number of energy audit carried out: **4**	• Integration of sustainability into Group and employee culture • Initiation of carbon footprint assessment process • Continuing energy transition • Mainstreaming circularity • Climate change action • Potential negative impacts in terms of waste generation, energy demand and water resource consumption
Total workforce in Mauritius: **1,537** Number of employees trained: **1,195** Accident severity rate: **0.2**	Development and Sustainability (headcount): **1** Training/awareness sessions provided on Sustainability (hours): **146 (>600%)** Training hours provided: **2,203**	• Succession planning • Strategic training for employee and organisational agility • Fostering organisation resilience within a demographic and legal framework • Innovation to stimulate employee wellbeing
Aggregate sold (tonnes): **▲4,4%** Blocks sold (units): **▼7.4%** Smart blocks sold (units): **▼35.4%** Precast slabs (m^2): **▼14.7%** Beams (m^2): **>1,000%** Ready mixed concrete sold (tonnes): **▲7.8%**	Dry mortar sold (tonnes): **▲3.3%** Vegetables produced (tonnes): **▲18%** Plants sold (units): **▲10.3%** Landscapes created (Rs. million): **▲18.2%**	• Proactive optimisation of operational efficiency • Collaborative resource utilisation • Streamlining of processes and teams • Leveraging current assets • Integration of ecological considerations into materials • Efficiency gains through the digitalisation of asset management • Increased employment for Mauritians
New trademark registration: **1** New product certification: **1** New IT process: **1** Ongoing Research and Development projects **> 10** Academic partner: **1** Number of website visitors: UBP: **309,242** Espace Maison: **410,000**	Social media likes and followers: *Facebook* UBP: **32,479** likes and **33,788** followers Premix: **8,233** likes and **9,300** followers Drymix : **8,320** likes and **8,700** followers Espace Maison: **117,000** likes and **123,100** followers Gros Cailloux: **32,000** likes and **34,000** followers *TikTok* Gros Cailloux: **29,800** likes and **9,859** followers "Espace Jardin" by Gros Cailloux: **13,400** likes and **5,136** followers *Instagram* Gros Cailloux: **1,964** followers	• Innovation for centralising business processes and enhanced process efficiency • Ensuring added-value for stakeholders • Synchronising IT systems • Preserving proprietary knowledge • Digitalisation of processes • Countering cybersecurity leading to potential losses in agility
Customer Care Centre calls received: UBP: **10,612 (78%)** Premix: **1,261 calls (9%)** Drymix: **161 calls (1%)** Others: **1,549 (12%)** CSR spent on ongoing projects: **Rs. 1.0 million** CSR spent on new projects: **Rs. 1.0 million** CSR expenditure per theme: Education: **29%.** Socio-economic development: **44%**,	Environment: **7%** Exclusion: **20%** Extra Sponsorship: **Rs 2.0 million** Extra sponsorship per focus area: Education: **6%** Sports: **31%** Poverty: **7%** Culture: **21%** Society: **15%** Sustainable Development: **20%**	• Integration of Group within communities through customer care and relationship-building • Adapting to changing consumer patterns • Enhanced Customer Satisfaction and Loyalty

Rs 672 million	Rs 1.4 billion	Rs 800.2 million	Nil
Cash generated from operations	Total wealth created	Salaries and other benefits paid	Dividends paid

STRATEGY

Our operating environment

The international context

The global economic context followed a recessive or stagnant trend in 2023, mainly due to rising energy costs and interest rates. While household demand for new housing has contracted in OECD countries, the construction sector nevertheless maintains itself there, thanks to the backlog of infrastructure projects put on hold during the pandemic. As a result, the global demand for cement is still expected to grow by around 6% per year over the next five years (source: IMARC), driven by rapid urbanisation and public infrastructure upgrades in emerging economies. In fact, most governments have been supportive of major infrastructure projects as a means to boost their economy's productive potential, promote post-Covid economic recovery, or initiate climate change adaptation initiatives. Although the challenges related to access to raw materials (freight unavailability, energy costs and the Ukraine conflict, amongst others) are unlikely to dissipate in the coming years, the upward pressure they placed on prices should somewhat ease, without returning to pre-Covid levels. These contextual elements apply equally to all markets in the Indian Ocean region.

Other constants are emerging in the construction sector, affecting various markets to varying degrees. Once again, Mauritius has not been spared by these challenges. The following constraints are now considered in our approach to business development and risk management:

- Shortages of skilled labour, with the potential to extend the duration and cost of certain projects.

- The emergence of a fundamental trend for renovation or climate change adaptation projects, necessitating compliance with stricter environmental standards, including energy efficiency. With construction projects increasingly required to minimise their environmental impact, supply chains must be redesigned to significantly reduce the carbon footprint of materials.

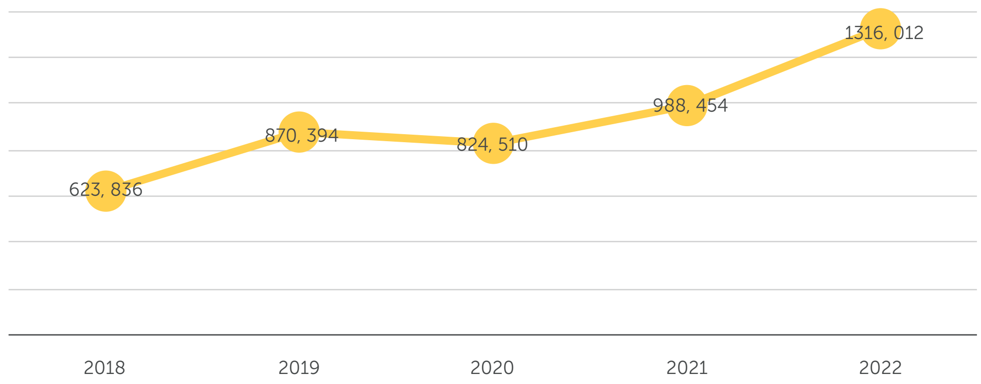
- A real increase in solvency risks among contractors, as they are affected by the following:
  - A contraction of their margins due to the rise in the cost of raw materials and construction materials (especially for companies in the residential sector);
  - Extension of payment delays, especially for projects related to public orders or development projects, thereby exacerbating their financial burdens.

In summary, the past few years have significantly transformed the commercial landscape of the construction sector. Suppliers operating in this market have not displayed sufficient agility to adjust their margins or discount practices, putting profitability under strain despite growing demand. Consequently, at the international level, the construction sector portrays a profile characterised by both a strong dependence on credit and an escalation of credit risk.

The Mauritian context

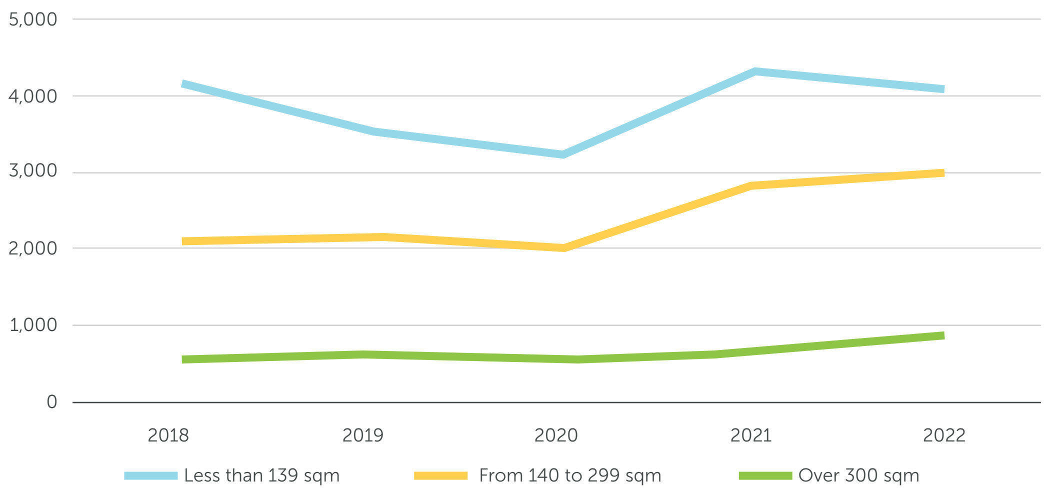
These international characteristics are also evident on a local level.
An indicator of the vitality of the construction sector in Mauritius is reflected in the trajectory of Portland cement imports, a crucial input for concrete production, which reached an unprecedented volume in 2022.

IMPORTS OF TONNES OF PORTLAND CEMENT IN MAURITIUS (SOURCE: MCCI)



At the same time, this information should not overshadow the rampant inflation affecting the construction sector in Mauritius. After a long period of relative price stability between 2014 and 2020, the construction price index has increased by about 26% over the past three years, according to Statistics Mauritius, largely driven by the rise in iron, metal fittings, labour, and joinery costs. While this reality appears to moderately impact the market for new housing construction, it is essential to remain vigilant about market trends and carefully monitor their evolution. Nevertheless, a record number of 7,891 construction permits were issued in 2022, equivalent to a built area of 1.485 million square metres, with over 12% of residences exceeding 300 square metres. The segment of larger residences appears to be resilient to the pricing context.

NUMBER OF PERMITS FOR RESIDENTIAL BUILDINGS



However, the slowdown in the small residential construction market may be confirmed, especially since inflation is increasing borrowing pressures, while interest rates are on the rise. This may prompt individuals to adopt new strategies, such as buying in the old real estate market, opting for temporary rentals while waiting for more favourable times, or exploring alternative construction materials or techniques through DIY ("Do It Yourself").

Against this backdrop, UBP Group recognises the need to remain agile and ready to be able to thrive in an era where volatility and constant change are the norm in our business environment.

Strategy

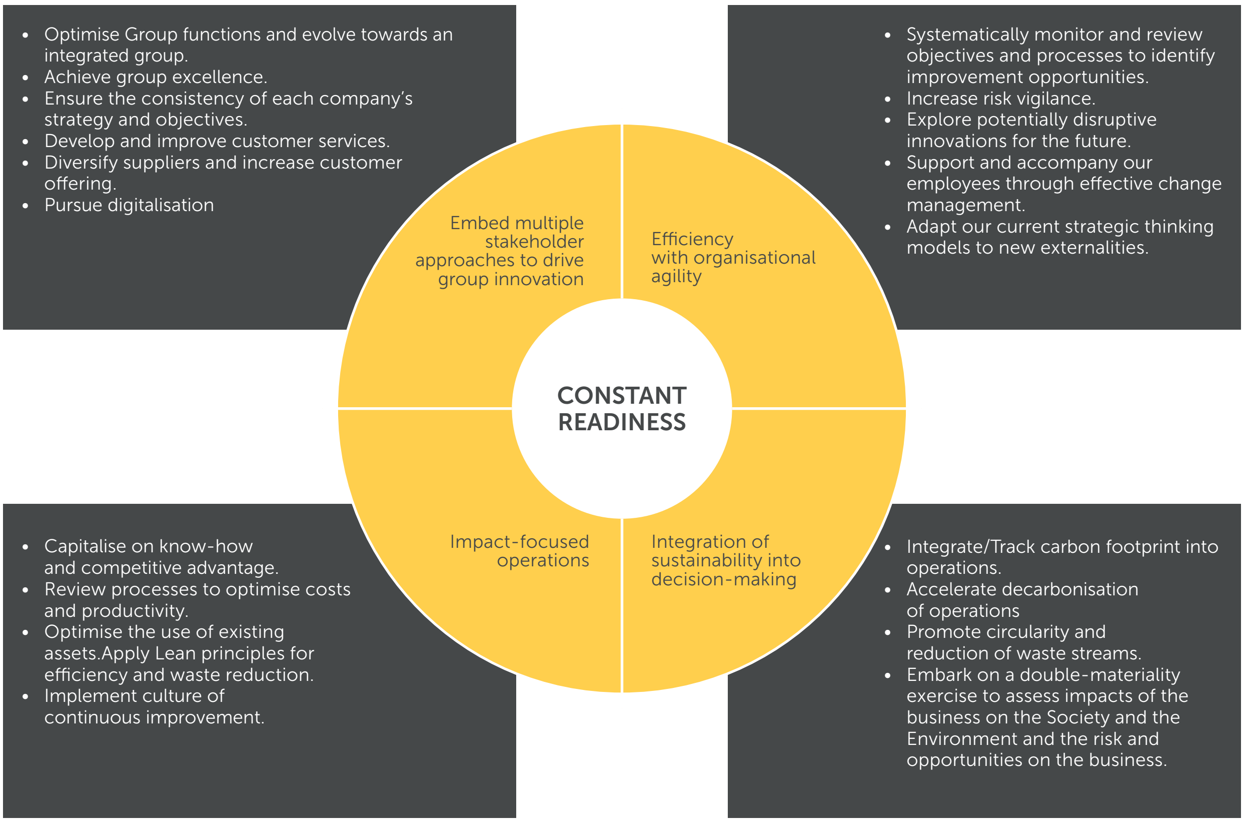
Our strategic vision: to be ever evolving and constantly ready

For the past 70 years, UBP has aspired to bring positive changes and contributions to the insular context in which it operates.

The understanding of what constitutes a 'positive contribution' has evolved over the last decades and at an accelerated pace in this world in flux. The most effective response to this changing state of affairs is to be in a state of constant readiness. This has defined our transformative journey this year, during which we strived to retain a dynamic balance within our organisation and its operations. Thus, we continue to remain focused on the strategic priorities defined over the past years.

At the heart of our strategic vision lies an agile and dynamic organisation, constantly evolving to meet the demands of an ever-changing landscape. Four strategic pillars drive UBP Group towards transformation, foster resilience and growth across its activities, and address the diverse needs and interests of its stakeholders across its operations as an integrated Group:

- Coordinating innovative strategies for stakeholder value synergies
- Improve efficiency within an adaptive framework for constant change
- Develop impact-focused operations
- Integrate sustainability into decision-making



ADDRESSING OPPORTUNITIES AND CHALLENGES THROUGH READINESS

Throughout the year, the Group exercised its state of constant readiness to overcome challenges and seize opportunities. 'State of readiness' depicts the organisation's level of preparedness to navigate the dynamic business and global landscape, while also achieving its objectives and maintaining sustainability. The organisation can be defined as being in a state of readiness when it meets a combination of several indicators:

- **Strategic alignment:** aligning business goals, strategies, and resources with the organisation's vision and adapting to market changes.
- **Operational flexibility:** swiftly adjusting processes to changing circumstances, while maintaining efficiency.
- **Resource optimisation:** efficiently using human, financial, and technological resources for productivity and resilience.
- **Workforce capability:** employees and management stand ready for change, innovation, and skill development.
- **Crisis management:** robust crisis plans in place, enabling swift decision-making and prompt action during emergencies.
- **Financial resilience:** stable finances, risk management, and economic challenge readiness.
- **Technological preparedness:** integrating technological and digital strategies for leaner and more enhanced operations.
- **Supply chain readiness:** adapting supply chain for disruptions, ensuring consistent delivery.
- **Adaptable regulatory compliance:** ability to evolve with changing regulatory landscapes and remain highly compliant, while mitigating legal and reputational risks.
- **Stakeholder engagement:** effective and transparent communication and engagement with stakeholders.
- **Opportunity and risk identification:** consistently identifying growth opportunities and risks for informed decisions.

STRATEGY

Risk report

The Group's operational environment is constantly changing, exposing the business to a range of external, operational, and financial risks.

The responsibilities with regards to risks are clearly defined for all entities within the Group such that Risk Owners are accountable for Risk Management under the supervision of the Group Risk Management Function.

Risk Management Framework

An Enterprise Risk Management ('ERM') framework and a Business Continuity Management ('BCM') plan were implemented within the Group in 2016 in order to fully identify, measure, assess and mitigate our exposure to risks.

The Group's strategic objectives were defined and the risk appetite was determined for each of these objectives based on a Group-wide approach, considering risks across all departments, functions, and activities. In view of the continuously evolving environment, the strategic objectives and risk appetite must be reviewed regularly.

RISK HIERARCHY

BOARD
Approve and maintain the Risk Management Policy.
Set and review the Risk Appetite on a periodic basis.
Maintain oversight of the Risk Management Framework.

AUDIT AND RISK COMMITTEE
Review risk reports and monitor effectiveness of risk management.
Report to the Board on risks and controls.
Discuss with the Board the status of mitigating action plan performance against the set risk appetite.

CHIEF RISK OFFICER
Review and approve risk reviews.
Approve appropriate actions to bring organisational risks within tolerance level.
Report to the Audit and Risk Committee on key risk/control indicators.

DEPARTMENT HEADS (RISK OWNERS)
Attend periodic meetings to discuss risk management reports.
Maintain oversight of their respective risk/control owners.

ACTION & CONTROL OWNERS
Identify and assess new risks and update the ERM framework.
Reassess the existing risks and send for approval.
Update the ERM framework on controls performed at the pre-defined frequencies.
Remediate control failures

3rd Line of Defence

GROUP INTERNAL AUDIT
Carry out internal audits on a risk basis.
Provide assurance on adequacy of controls across specific risk areas (including risk management).

1st Line of Defence

RISK & COMPLIANCE OFFICER
Implementation of the risk management framework

2nd Line of Defence

Risk Management Process

There are three stages in the Risk Management process, namely:

i) **Risk identification and assessment:** Risks are identified and rated based on their likelihood and impact.
ii) **Risk mitigation:** Management establishes procedures and/or controls to reduce the likelihood and impact of major risks.
iii) **Monitoring and reporting:** The procedures and/or controls are regularly monitored. Updates on risk mitigation measures, controls, and total risk exposure are communicated to the Audit and Risk Committee, which in turn reports to the Board.

Following the implementation of the ERM, a risk monitoring exercise was initially undertaken by Messrs BDO & Co in view of monitoring and reporting the key risks across the Group. Further to the control assessment, a report was submitted to the Risk Monitoring Committee (now 'Audit and Risk Committee') on three types of risks, namely operational risks, strategic risks and emerging risks. Focusing on the opportunities and risks in our evolving operational landscape, this exercise has since been pursued continuously by our Risk and Compliance Officer.

An essential component of the Risk Management process is the transfer of risks via insurance covers and the continuous improvement of our internal control system.

The key risk categories relevant to the Group remain as follows:

Strategic Risks
Risks associated with uncertainties and opportunities embedded in the Group's strategic plan and the manner in which they are executed.

People Risks
Risks associated with the recruitment and retirement of employees, on-going talent management, succession planning, relations with trade unions and regulatory bodies, and staff disciplinary issues.

Health and Safety Risks
Risks associated with all events that can cause serious injury and harm to the Group's workforce and customers.

Legal Risks
Risks linked to the legislations and regulations surrounding the operations and functioning of the Group (E.g. Competition laws, the Workers' Rights Act, Environment Protection Act, Data Protection Act, Occupational Health and Safety Act and the Code of Corporate Governance).

Operational Risks
Risk of loss resulting from inadequate or failed internal processes and procedures, human error or system failure or from external events. They include all processes and sub processes from the time the raw materials are extracted and the manufacturing process, up to the point of receipt by customers.

Financial Risks
Risks linked to liquidity, interest rates, foreign currency exchange rates, capital structure and profitability.

Technology Risks
Risks that hardware and software are not operating as intended, thereby compromising the integrity and reliability of data and information and exposing significant assets to potential loss or misuse or exposing the Group's ability to maintain a high standard in its main business processes. They include all IT and telephony systems and the use of latest technologically-prone equipment.

Business Environment and Market Risks
Risks relating to macroeconomic evolution, politics, foreign investments, and climatic conditions that are outside our control.

Marketing and Customer Risks
Risks associated with maintaining the quality and reputation of our branded products and innovation in our offer to customers.

STRATEGY

Risk report

Group Risk Heat Map

In 2023, a thorough review and analysis of the Group Risk Heat map was performed and submitted to the Audit and Risk Committee and the Board for review.

Risks are assessed in terms of their likelihood and impact. Likelihood is based on qualitative estimates of frequency of the risks occurring, whereas impact is based on a set of financial criteria and other factors like human resources, operations, and market.

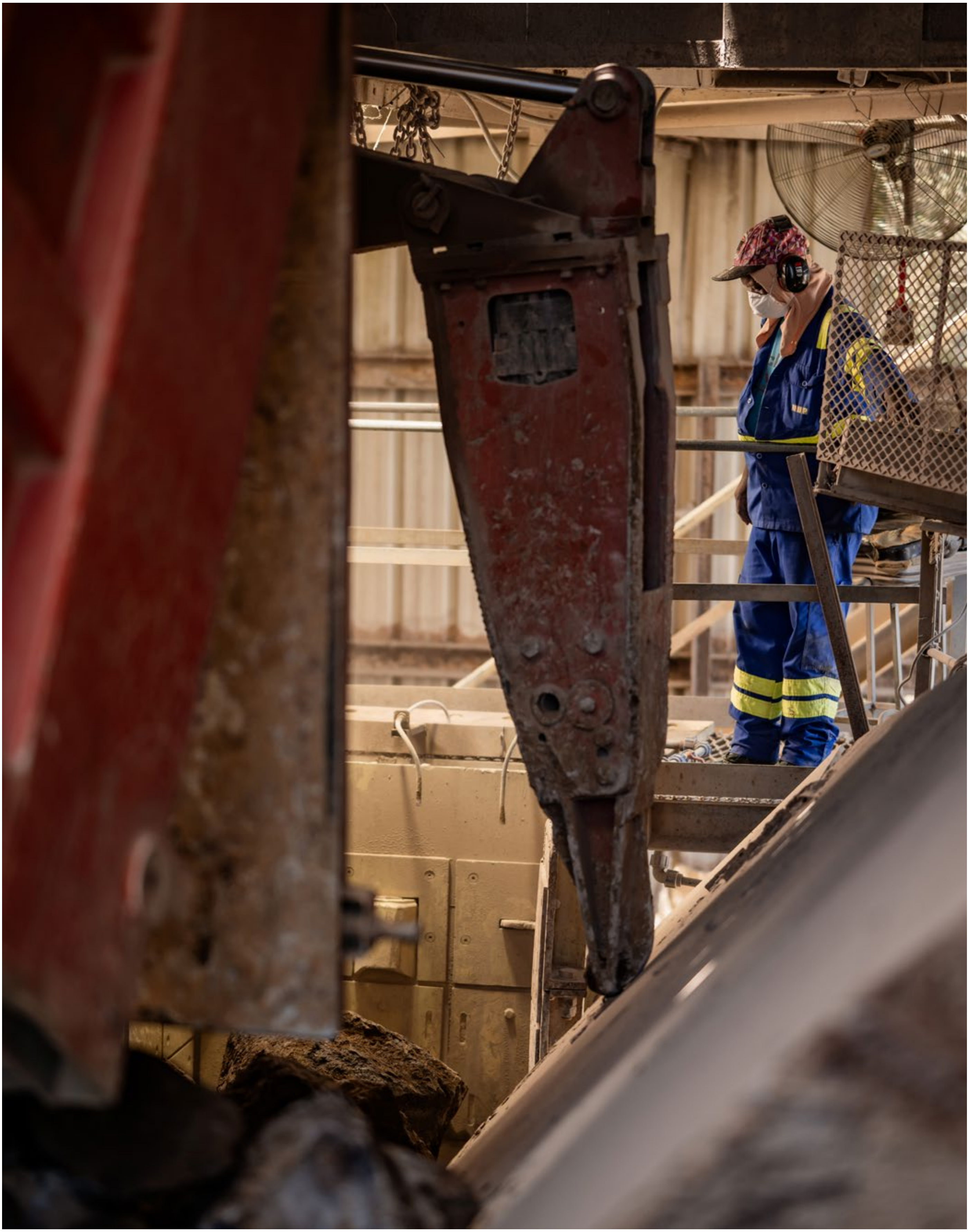
The likelihood and impact of each risk before mitigating controls (also referred to as 'inherent risk score') were determined with their respective Risk Owners. Following the assessment of the effectiveness of the existing mitigating controls, the amount of risk remaining (or 'residual risk score') was then established.

The following heat map provides an overview of the risks that are within the Key Risk Categories described above and having medium or high residual risk scores:

Likelihood / Impact	Lowest impact				Highest impact
Most likely					
			K	I	
		L, F, H	A, B, M	O	
			J, N, C, D, E	G	
Least likely					

Impact

A	*Foreign exchange risk*	**I**	*Inadequate monitoring of staff performance/productivity risk*
B	*Supply chain disruption risk*	**J**	*Failure to recruit and retain appropriate staff risk*
C	*Credit (default) risk*	**K**	*Disruption in production cycle due to external factors risk*
D	*Customer concentration risk*	**L**	*Delays in production and inability to meet customer demands risk*
E	*Competition risk*	**M**	*Cyberthreat risk*
F	*Environmental risk*	**N**	*Failure to keep up with latest information technology developments risk*
G	*Health and safety risk*	**O**	*Poor monitoring of overseas investment risk*
H	*Inadequate succession planning risk*		



STRATEGY

Risk report

Risk Monitoring

The monitoring of the mitigating actions of the key risks to the Group is discussed below.

Risk identification and assessment

Risk identification	Risk assessment	
People Risks: The risk that the Group will not be able to find, hire, and keep talented employees. ***Inadequate succession planning risk (H)*** ***Inadequate monitoring of staff performance/ productivity risk (I)*** ***Failure to recruit and retain appropriate staff risk (J)***	Unavoidably, demographic changes will result in fierce competition for talents, even more quickly than planned. This also translates into the risk that candidates might be lacking in experience and skill sets required for key roles. There is also the risk that staff performance is not adequately monitored due to insufficient information on their performance/productivity.	
Health & Safety Risks: The risk that the Group will not take enough precautions to prevent harm to its personnel, subcontractors and third parties during on-site and off-site business-related operations. ***Health and Safety risk (G)***	Such a risk includes the possibility of injury, illness, or death of our employees as well as reputational damage for the Group that altogether may lead to the possibility of business interruption. This also includes the risk that our personnel are not properly trained and that employees do not adequately follow policies and Standard Operating Procedures.	
Legal Risks: The risk that laws and rules governing business conduct, such as those that address bribery, corruption, fraud, unfair competition, and illegal use of personal data, are not respected. It also includes costs associated with investigations, financial penalties, and reputational harm.	***Breach of Data Protection Act 2017*** The regulation protects the privacy and rights of individuals regarding their personal data.	

Risk monitoring and reporting

	Completed	Ongoing
	• Standard Operating Procedures have been updated based on business exigencies or feedback from stakeholders.	• A Performance Management System is being implemented to reward employees based on the achievement of short-term and long-term objectives. • A training plan is deployed to employees based on their needs and requirements. • Relationships with trade union are managed closely. • Welfare incentives and activities are undertaken to increase employee engagement.
	• Additional Health and Safety Officers have been recruited during the year. Officers are now closer to employees and more regular visits are undertaken.	• Health and Safety audits are conducted regularly to ensure compliance with Health and Safety standards. • Training sessions are held on a recurring basis by both external services and our Health and Safety department.
	• A Data Protection Management Programme ('DPMP') in line with prevailing laws has been devised at the level of the Company in view of safeguarding the personal data of data subjects. • The implementation of a customer's consent form to allow cross-selling amongst entities of the Group.	• The implementation of the DPMP within the subsidiaries of the Group is underway.

STRATEGY

Risk report

Risk identification and assessment

Risk identification	Risk assessment	
Legal Risks (Continued):	***Compliance with all laws and regulations*** Lack of compliance with the evolving standards and regulatory landscape may lead to fines and penalties which could be detrimental to the reputation of the Group.	
Operational Risks: The risk of increased vulnerability to damage resulting from incidents disrupting the business operations. ***Disruption in production cycle due to external factors risk (K)*** ***Delays in production and inability to meet customer demands risk (L)***	External events (such as cyclones and flash floods) can also impede operational activities because of their temporary suspension. The negative impacts (financial, reputational, health and safety, security) of events may require the invocation of the Business Continuity Management Plan due to actual or potential interruption of business operations.	
Financial Risks: The risk that the Company may incur losses and be unable to meet its strategic goals if it fails to successfully identify market opportunities or carry out acquisitions, mergers, or divestments. ***Poor monitoring of overseas investment risk (O)***	There is a risk that acquisitions do not meet the expected results. There is also uncertainty over the achievement of the expected synergies and the integration of the newly acquired entities in our operating model, structure, and governance.	
Technological Risks: The risk that important information technology systems become unavailable, and that data is lost or altered because of computer virus, cyberattack, network and infrastructure failures, natural catastrophes, or human error. ***Cyberthreat risk (M)*** ***Failure to keep up with latest information technology developments risk (N)***	An information technology or cybersecurity incident may result in monetary loss, harm to one's reputation, safety concerns, or environmental effects.	

Risk monitoring and reporting

	Completed	Ongoing
		• We keep ourselves up to date with the latest laws and regulations. • We regularly communicate with the relevant employees about new legislations and their impact on the Group's operations whenever required. • We conduct compliance audits for all entities within the Group.
	• Business Continuity Management Plans have been elaborated in case of incidents that could lead to business disruptions.	• The Group subscribes to insurance policies to mitigate the financial impact of business interruptions due to external factors.
		• We monitor the performance of newly acquired entities (Premix and FAST) and overseas subsidiaries. • We assess and explore synergistic opportunities between entities of the Group.
	• Two separate VLANs have been implemented for management staff and human resource staffs. • A software was implemented for cybersecurity resilience. • The implementation of information technology policies is pursued throughout the Group. • Servers have been relocated to a remote site.	• We undertake preventive, detective and responsive cybersecurity checks. • We constantly monitor our network traffic for any suspicious activity. • A digital strategy roadmap has been put into place. • Financial resources are deployed to enhance information technology security.

STRATEGY

Risk report

Risk identification and assessment

Risk identification	Risk assessment
Business environment and Market Risks: The risk that the economic environment can significantly change and have an influence on demand for construction and building materials. This also encompasses political risk, which is the risk of financial, market or personnel loss occurring because of political decisions or disruptions. Political risk is also referred to as 'Geopolitical risk.'	Fundamentally, the growth (or degrowth) of the economy determines the demand for building materials. Sales volumes, selling prices and/or industry structure may all be impacted by changes in underlying demand. The Group has operations across borders and is exposed, either directly or indirectly, to the consequences of economic, political, and social instability, including currency volatility, turmoil, terrorism, civil war, and unrest. As part of the mitigating measures, the monetary policy committee has increased the repo rate which has caused a significant increase in financial charges for the year under review. More details can be found in the financial risk management section of this report.
Foreign exchange risk (A)	The Group has transactional currency exposures. The global stagflation and ongoing war between Russia and Ukraine have exacerbated foreign exchange volatility.
Supply chain disruption risk (B)	Political instability (economic and social) can impact our business environment and activities. A change in government or greater political pressure, civil unrest, and internal or external conflicts and tensions could have a direct (such as security repercussions) or an indirect (such as economic uncertainty) impact on our operations. It could also make us more vulnerable to a wide range of dangers, such as the availability of raw materials and compliance issues.
Credit (default) risk (C)	Bad debts impact the Company's ability to meet its financial obligations and distribute dividends.

Risk monitoring and reporting

	Completed	Ongoing
	• The Group has over the years diversified and expanded its activities.	• The Group has a (i) Business Development Function as well as a (ii) Research and Development professional that are responsible for the development of new market avenues. • A customer hotline was launched last year to help improve product knowledge and customer service. • Key macro economic indicators such as interest and inflation rates are continuously monitored. • Cost-cutting measures are implemented across all operations. • Cash flows and budgets are managed strictly. • At the Group level, we regularly analyse and track the political landscape to spot and foresee any unfavorable developments. • We are planning to dispose of our interests in Sri Lanka and Madagascar due to the unstable political situation prevailing in these countries. • We monitor the evolution of currency movements.
		• A list of alternative suppliers is regularly updated to ensure that there is no disruption in the supply of goods and services. • Due diligence of suppliers is performed systematically.
	• Reinforced credit assessment procedures for new credit requests.	• We constantly monitor our debtors to identify any risk of default as early as possible by reviewing their financial performance, and the contracts they have in hand, and ensuring a continuous line of communication.

STRATEGY

Risk report

Risk identification and assessment

Risk identification	Risk assessment	
Customer concentration risk (D)	The loss of key customers can have an adverse impact on the Group's revenue and profitability. A diversification of the customers portfolio mitigates the risk arising from the loss of a major customer.	
Competition risk (E)	The entry of new competitors or an increase in the market share of existing competitors would impact on the Group's revenue and overall profitability.	
Environmental risk (F)	Non-compliance with environmental standards could lead to fines and negatively impact our brand and reputation. ***Climate change impacts*** Due to climate change, there is a risk that operations will get increasingly impeded due to extreme climatic conditions that could lead to economic losses.	
Sustainability risks	Inadequate governance, environmental and social performance may lead to penalties, disputes in the areas where we operate, severe commercial interruptions, and possibly the closing of a plant. Additionally, it may affect our license to operate and limit our access to fresh resources.	

Way forward

As we are committed to strengthening and adjusting our process with each exercise, we are redesigning our risk assessment and scoring methodology. The new scoring process will provide us with new insights and enable us to address those areas which require the most attention.

Risk monitoring and reporting

	Completed	Ongoing
		• The credit status of the top clients of the Group is monitored on a weekly basis. • We continually strive to build trust with our existing customers and take their changing needs into consideration when developing our new services and products. • Strategic discussions are held at management and Board levels to analyse customer/market trends and competition. • Our Research and Development team is engaged in product innovation. • Our Communication department regularly conducts surveys. • A continuous monitoring of our environmental performance is done to ensure compliance with local norms and regulations. • Assessing solutions to enable it to be more climate resilient. Such solutions may include heightened connectivity and synergy (e.g. one subsidiary helping another store or utilising unused material).
	More details are available in Natural Capital Section of this report.	• The decarbonisation of our value chain is underway. • Renewable energy projects are being pursued. • Global Sustainability standards are being embraced.

PERFORMANCE EXCELLENCE

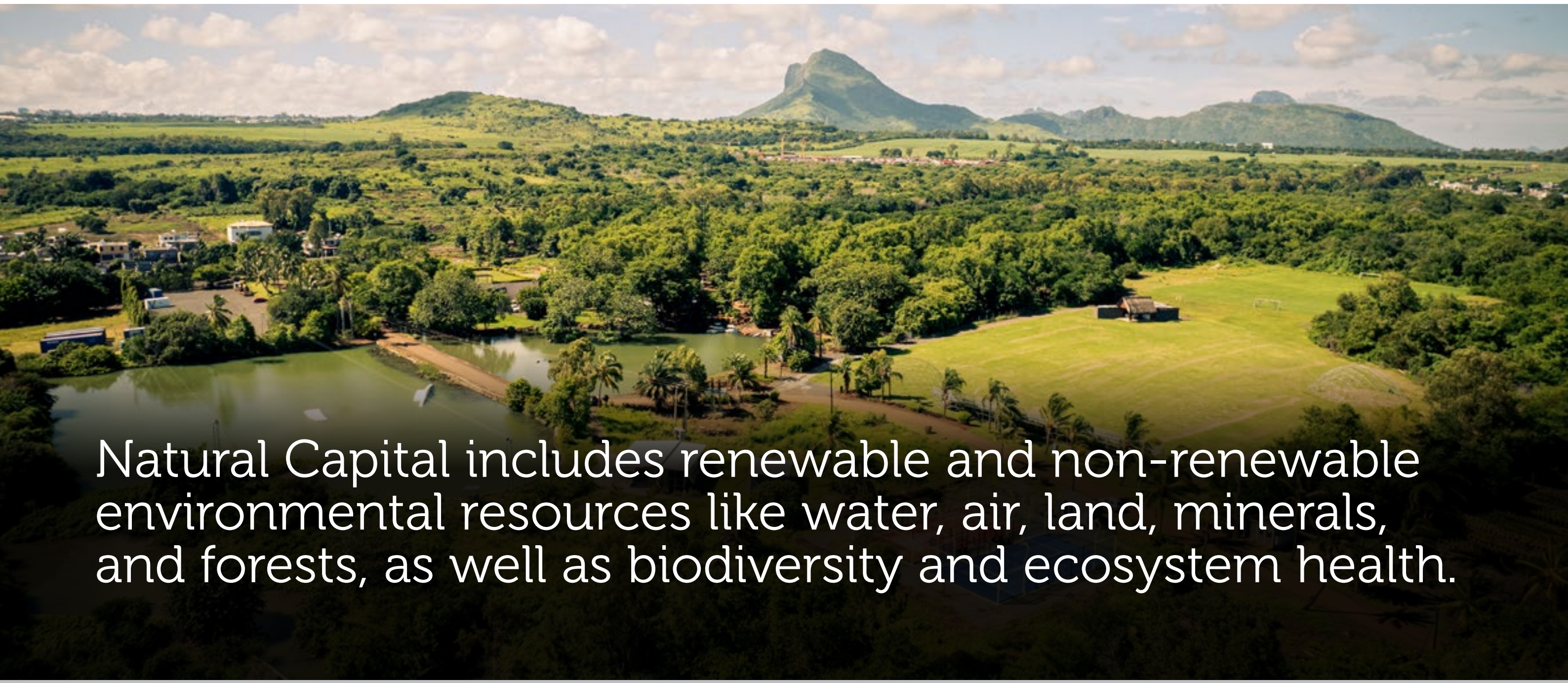
PERFORMANCE

Natural capital | Human capital | Manufactured capital | Intellectual capital | Social capital | Financial capital

Performance is our compass, guided by sustainability and our organisation's strengths, driving our pursuit of excellence.

PERFORMANCE

Natural Capital



Natural Capital includes renewable and non-renewable environmental resources like water, air, land, minerals, and forests, as well as biodiversity and ecosystem health.

Key numbers across the Group

Training/awareness sessions provided on Sustainability (hours):
146 (↑ 126)

Emissions per 100mm block ($KgCO_{2e}$):
1.02 (↓ 0.24)

Emissions per 150mm block ($KgCO_{2e}$):
1.34 (↓ 0.31)

Emissions per 200mm block ($KgCO_{2e}$):
1.64 (↓ 0.39)

Natural gas consumption (tonnes):
339 (↓ 17)

Diesel consumption (million litres):
4.0 (↑ 0.11)

Number of energy audits carried out:
4 (↑ 4)

Number of public charging stations for electric vehicles installed (in partnership with E-motion):
3 (↑ 3)

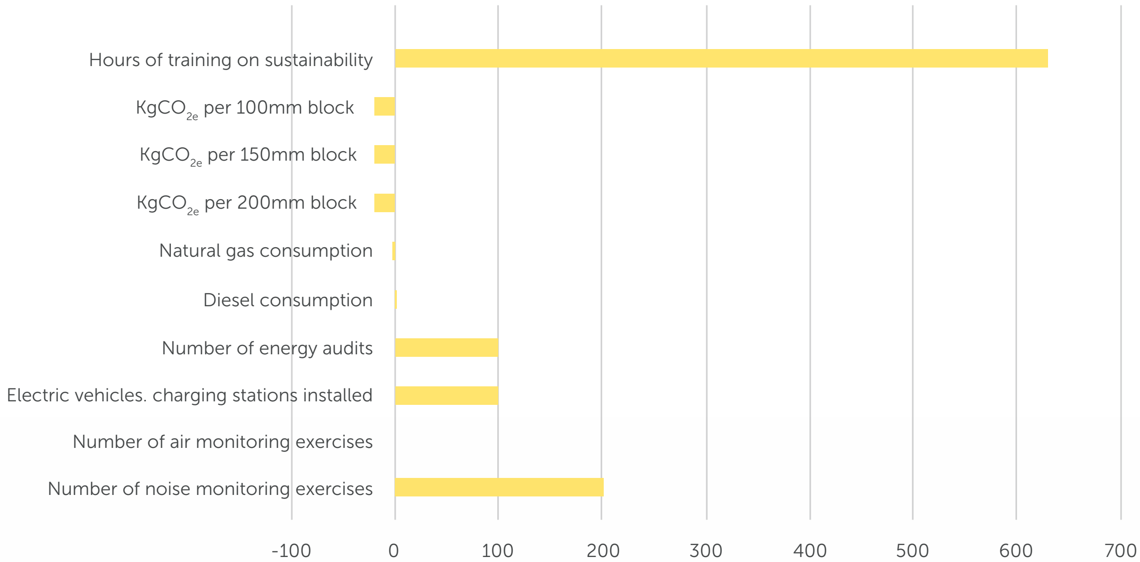
Number of air monitoring exercises conducted across UBP production sites:
10 (Same as FY 2022)

Number of noise monitoring exercises conducted across UBP production sites:
43 (↑ 29)

Strategic management of this capital

The Group's strategy is centred on reducing the carbon intensity of its products, all while fostering circularity. In line with our commitment to integrate sustainability within our decision-making and operations, we have been steadfast in preparing for an efficient transition by focusing our actions on energy efficiency and climate action.

PERCENTAGE DIFFERENCE BETWEEN FY2022 AND FY2023



PERFORMANCE

Natural Capital

Highlights in FY2023

GROUP-LEVEL

- The Group is integrating a double materiality approach, which combines financial materiality (the planet and society's impact on business operations) and impact materiality (a business' impact on the planet and society). This approach is enabling us to better assess how the Group can improve its impact on the Environment and Society, while gaining a more holistic view of ESG-related risks and opportunities for the business.

- We are deploying a Measurement and Verification Protocol that will provide us with a framework to report on project energy savings transparently, reliably and consistently.

- The time spent on sustainability-related training (hours/person) increased sixfold within the Group.

- To supplement our commitment to climate awareness, we have organised *La Fresque du Climat* sessions for our Head of Departments and General Managers. Additionally, we are actively raising awareness about the causes and effects of climate change by conducting *La Fresque du Climat Junior* sessions, specifically tailored to the children of our employees aged between nine and fourteen years old. These engaging and educational sessions serve as a unique platform for young minds to comprehend the complexities of climate change, and its implications on ecosystems. By fostering a deeper understanding of environmental issues, we aim to inspire a sense of environmental responsibility among the younger generation, empowering them to become advocates for sustainable practices and climate action not only within our walls, but also within their own neighbourhoods and communities.

INDIVIDUAL COMPANY CHALLENGES AND MITIGATION STRATEGIES

Company	Potential adverse impacts	Measures to reduce impact and create value
Drymix	Plastic coatings in bags undermine recycling	Drymix is engaging suppliers to explore recycled or biodegradable plastic options
Gros Cailloux	Less cohesive waste management due to lack of policies	Establishment of a comprehensive waste management policy by 2025
Premix	Extreme weather events impeding operations generating more wastage	Considering synergistic use of unused materials through partnerships

OTHER ACTIONS TO PRESERVE AND CREATE VALUE

ENERGY MANAGEMENT

UBP

- Partnered with E-motion for the installation of three (3) charging stations for electric vehicles at Espace Maison's stores in Forbach, Tamarin and Gros Cailloux.

- Conducted the first mandatory energy audit at UBP's site at Geoffroy Road to take stock of its current energy performance. The findings are expected to provide insights into the energy efficiency goals to be set and replicated across other sites in the future.

- Commissioned three voluntary energy audits at UBP's Plaine Magnien and Poudre D'Or sites and Terrarock.

- In pursuit of its energy management and decarbonisation goals, UBP applied for the establishment of a renewable energy generation project under the CEB's Carbon Neutral Industrial Scheme (CNIS). The proposed renewable energy plant, focused on photovoltaic energy, would have the capacity to cater for the consumption of all industrial sites, not only within UBP's core businesses, but also its subsidiaries, namely Premix and Drymix.

  Once operational and if successful, this project will contribute to the reduction of our carbon footprint, as well as to the national efforts of achieving the target set out in the Renewable Energy Roadmap 2030 for the electricity sector in Mauritius.

- Initiated a pilot Scope 123 carbon emissions assessment with London-based Carbon Analytics in June 2021. A real-time carbon accounting platform will enable UBP to accurately measure its carbon footprint by early 2024, aligning with the GreenHouse Gas (GHG) Protocol standards and enhancing circular economy practices.

Premix

- Initiated a Scope 123 carbon emissions assessment measurement exercise in accordance with GHG Protocol to enhance Premix's understanding of its carbon footprint. This will set the baseline for targeted initiatives to reduce its environmental impact.

- Initiated a comprehensive Life Cycle Assessment (LCA) of various grades of concrete. The LCA will thoroughly examine the entire life cycle of these concrete grades, from raw material extraction to production, transportation, and end-of-life considerations. The ultimate goal of this assessment is to provide the necessary data for publishing an Environmental Product Declaration (EPD). This commitment to transparency and environmental stewardship reflects Premix's dedication to allowing its stakeholders to make informed choices and contributing to a more sustainable built environment.

Drymix

- Initiated a Scope 123 carbon emissions assessment measurement exercise in accordance with GHG Protocol to enhance Drymix's understanding of its carbon footprint. This will lay the groundwork for targeted initiatives to reduce our environmental impact.

- Managed energy during power cuts by using both Liquefied Petroleum Gas (LPG) and diesel-generated electricity to power its operations.

- Installed a new gas burner, leading to a decrease of 26.1% in the use of Liquified Petroleum Gas required for sand drying.

- Monitors its energy consumption through detailed reports stemming from its Enterprise Resource Planning (ERP) system.

Espace Maison

- Accommodated electric vehicle (EV) charging stations at its Forbach and Tamarin shops, available for public use to charge their electric/hybrid vehicles.

- Transitioned from diesel to electricity to power a portion of its forklift fleet to minimise impacts of emissions on human health within warehouses.

Gros Cailloux

- Accommodated public electric vehicle (EV) charging stations at Gros Cailloux.

PERFORMANCE

Natural Capital

WASTE MANAGEMENT

UBP

- Systematically employs a structured four-step decision-making approach for the management of its end-of-life equipment. The steps are as follows:
  1. Initial efforts to refurbish the equipment.
  2. If the refurbishment proves unfeasible, the company proceeds with internal upcycling within the Group.
  3. In the event of unsuccessful upcycling, UBP endeavours to market the equipment and its components.
  4. If all prior measures prove unsuccessful, the equipment is sold as scrap metal.

- Continued to recycle the water used to wash aggregates, employing a water treatment process featuring a settling pond.

Premix

- In light of the prolonged heavy rainfalls, which impeded operations and exacerbated product wastage, Premix saw the need for greater organisational resilience and better preparedness for extreme weather conditions. Measures being considered include the synergistic repurposing of excess or unused concrete, and utilising it as a resource in the production of precast elements and partnerships with other companies to devise strategies for value-added material storage and utilisation.

- Initiated a structured waste management programme to optimise waste management from both a revenue-generation and environmental management perspective. The aim is to transform the existing practice, which entails placing waste material as sludge into decantation basins, occasionally repurposed by builders for backfilling. The new waste management programme focuses on extracting higher value from waste material, including sludge, by setting up bins and reusable moulds for activities such as block-making. This comprehensive approach is expected to be operational in FY2024, and largely contributes to our circularity endeavours.

Drymix

- Actively tackles the environmental impact of imported paper bags, which typically contain plastic coatings that undermine recycling efforts. To this end, Drymix is:
  - Collaborating with suppliers to explore recycled or biodegradable plastic alternatives for more eco-friendly packaging.
  - Integrating a quality management programme that supports waste minimisation.
  - Optimising and monitoring the use of returned wooden pallets through repair, reuse, donations, and potential conversions to biomass, aiming to minimise waste and enhance sustainability.
  - Monitoring waste generated through detailed reports generated by its ERP system.

Espace Maison

- Recycled 1.4 tonnes of products in FY2023 under the 'Geste vert' programme, which entails the collection of and recycling of products including plastic, used batteries, light bulbs and cartons.

- Achieved zero chemical fertilisers in its shops as part of its efforts to eliminate chemical fertilisers and pesticides from its stores. Espace Maison now only sells organic fertilisers, while transitioning to organic pesticides and herbicides.

- Launched a charcoal briquette made from reused material.

Gros Cailloux

- Gros Cailloux generates substantial green waste and used plastic annually, with general waste collected by local authorities and green waste disposed of on site. However, the absence of a waste management policy has prevented waste volume from being measured. In response, Gros Cailloux is working to establish a comprehensive waste management policy by FY2025, involving monitoring, sorting and recycling. Plans include recycling plastic pots and using green waste to produce compost and other by-products.
- Set up a Waste Management Committee to raise awareness among stakeholders on the impact of the company's waste and the importance of sorting.
- The Nursery initiated a plastic waste-sorting initiative, in light of the sale of around 400,000 plastic potted plants yearly. Waste is collected by Surfrider Co. Ltd. for recycling.
- Vegetable waste generated at Gros Cailloux is given to the Leisure department - fully leveraging the synergies within the company - as well as to local animal breeders of the region as animal feed, promoting circularity.
- Regenerates soil for agriculture through the 'SMART AGRICULTURE' initiative, under the Mauritius Chamber of Agriculture, with external expertise from CIRAD (Centre de coopération Internationale en Recherche Agronomique pour le Développement).

Further reading: Project #1

OTHER AD HOC ACTIONS

Espace Maison

- In line with the Group's efforts to support the local economy, Espace Maison continued to implement a policy of sourcing local products through local suppliers, as far as possible.

Gros Cailloux

- Generated value directly through its natural capital by fostering environmental consciousness among visitors via nature-centred activities, including forest walks and bee school programmes. It also generated value through its landscaping activities by planting 1,180 perennial trees (flowering and palm trees) ranging from 45 L to 150 L pots and open-ground trees. A surface covering over 10,620 m^2 was planted with perennial trees across the island.

PERFORMANCE

Natural Capital

Key Projects and Innovations

#1 GROS CAILLOUX - SMART AGRICULTURE

Context

In light of increasing environmental challenges and global uncertainties, which have been leading to food shortages and vulnerabilities, Gros Cailloux recognises that a robust and resilient food supply chain stands out as an essential pillar of a nation's wellbeing.

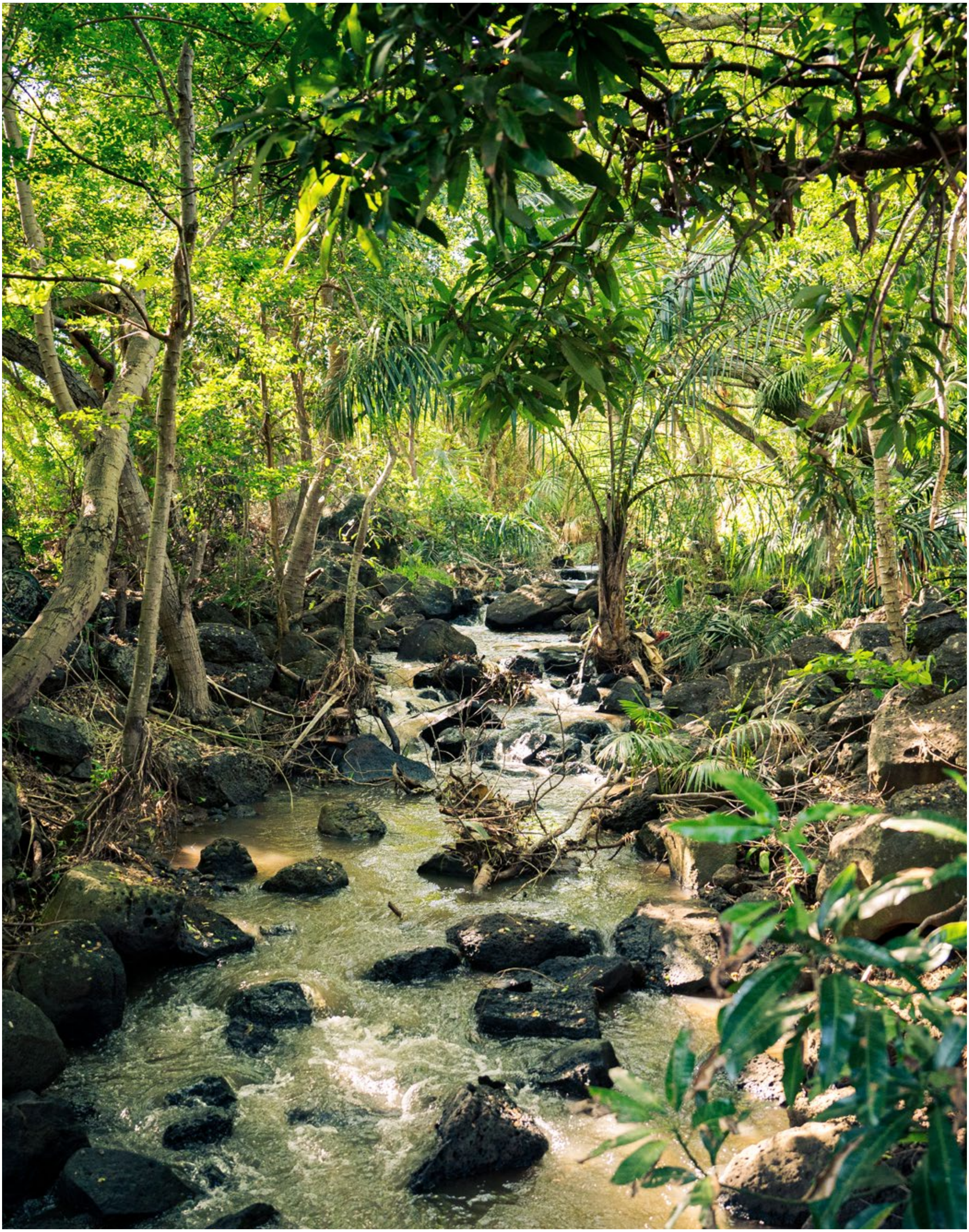
Response

Gros Cailloux has made a steadfast commitment to sustainable agricultural practices, with one compelling vision in mind: the rejuvenation of its soils to ensure the sustainability of food production, and therefore, the food security of the nation.

This commitment is exemplified through Gros Cailloux's collaboration with the 'SMART AGRICULTURE' initiative, operating under the auspices of the Mauritius Chamber of Agriculture. The collaboration began in 2018 and will be pursued until the end of 2023. In partnership with and with valuable support from the international experts at CIRAD (Centre de coopération Internationale en Recherche Agronomique pour le Développement), Gros Cailloux adheres to the foundational principles of sustainable agriculture: environmental stewardship, economic viability and social equity.

Through meticulous crop rotation, the construction of land-conserving waterways and the implementation of cover crops, Gros Cailloux is committed to a holistic approach to the gradual restoration of soil fertility. This strategy not only bolsters agricultural productivity and improves soil health, but also mitigates the adverse impacts of soil erosion during heavy rainfall events and contributes to critical habitat preservation and enhanced water quality.

In doing so, Gros Cailloux is safeguarding the long-term viability of its own business operations, while also making a profound contribution to broader society and ecosystems, thus sowing the seeds for a more resilient and prosperous future for all.



PERFORMANCE

Human Capital

Key numbers across the Group

Total workforce in Mauritius and Rodrigues:
1,537 (↑ 16)

Baby boomers:
143 (↓ 22)

Gen X:
537 (↓ 4)

Gen Y:
610 (↑ 1)

Gen Z:
247 (↑ 41)

Gender Distribution
F: Female
M: Male

Group
Female (F): 22% Male (M): 78% (Same as FY2022)

UBP
F: 14% M: 86%

Drymix
F: 9% M: 91%

Premix
F: 8% M: 92%

Espace Maison
F: 44% M: 56%

Gros Cailloux
F: 48% M: 52%

LEARNING AND DEVELOPMENT

Number of employees trained

1,195 (↓ 221)

Number of training hours provided

2,203 (↑ 925)

Training investment (Rs million)

7.9 (↑ 1.3)

HEALTH AND SAFETY

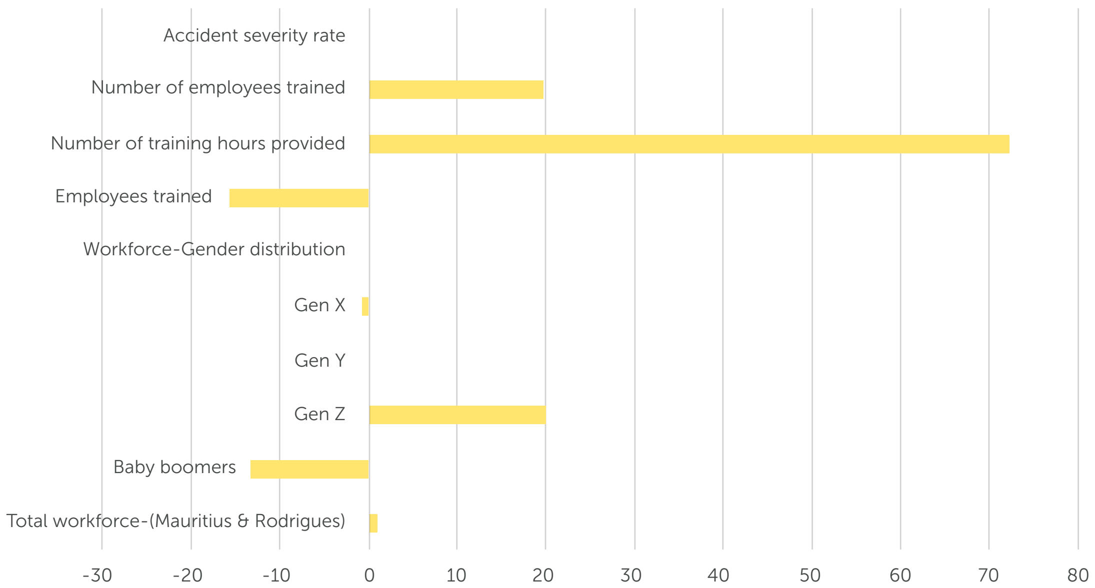
Accident severity rate

0.2 (Same as FY2022)

Strategic management of this capital

The Group's strategy is to provide adequate support and incentives to employees to boost their engagement, productivity and wellbeing. We also actively encourage innovation and promote career development, while crafting and implementing talent management and succession planning.

PERCENTAGE DIFFERENCE BETWEEN FY2022 AND FY2023



PERFORMANCE

Human Capital

Highlights for FY2023

GROUP-LEVEL

- Decrease of 13% in the proportion of Baby boomers and increase of 20% in the proportion of Generation Z, signalling the increased need to ensure proper training, particularly for onboarding and succession planning.
- Increase of 70% in training hours and increase of 20% in training investment as part of the Group's focus on constantly transforming to be in a state of readiness.

Further reading: Project #1

INDIVIDUAL COMPANY CHALLENGES AND MITIGATION STRATEGIES

Company	Potential adverse impacts	Measures to reduce impact and create sustainable value
Espace Maison	Post-pandemic employee attrition adversely impacted the company workforce	Espace Maison held an employee-centric focus group, which led to measures for employee happiness

OTHER ACTIONS TO PRESERVE AND CREATE VALUE

SUPPORT AND INCENTIVES TO EMPLOYEES

Espace Maison

- Increased minimum wage, surpassing national levels, as well as an attendance bonus. These actions were implemented in response to high rates of employee attrition, which is a global phenomenon characterising the post-pandemic landscape.
- Developed an action plan heavily emphasising work-life balance, scheduled for implementation in FY2024.

Further reading: Project #2

HEALTH AND SAFETY

UBP Group

- Following the recent amendments to the current Occupational Safety and Health Act (OSHA) legislation which will be proclaimed in due course, the Group is developing an agile framework that will allow it to be ready and transparently meet its legal obligations.
- Digitised and centralised the Group's Health & Safety (HSE) information, including permits and documents, to streamline access, collaboration and efficiency. This transition fosters real-time information exchange, and significantly improves HSE process operations and communication.
- Recognising the inextricable link between HSE and environmental health, the Group oversees an external service provider to carry out monthly audits of its sites, and monitor noise and environmental factors such as air quality.
- Embedded the DMAIC (Define, Measure, Analyse, Improve, Control) tool within its HSE approach for a more structured and systematic methodology to address challenges. This comprehensive, data-driven strategy is expected to enhance HSE and environmental health outcomes across all the Group's operations.
- Like many other industries, UBP Group's workforce is following the same trend as Mauritius' ageing population. Aligned with its philosophy to be in a constant state of readiness, the Group is tailoring its HSE approach, including the intensification of its health surveillance activities to ensure its workforce remains optimally skilled as it ages.
- Adopted a structured project management approach towards HSE issues, including monthly inspections of sites and addressing any challenges through a rigorous, time-bound process which involves assessment of the issue and implementation of remedial actions in collaboration with management.
- HSE oversight includes an HSE Manager and a dedicated team of HSE Officers.

Premix

- Proactively implements a safety checklist system. Dedicated staff attend to safety matters for equipment such as guard rails and trucks on all of its sites, as a prerequisite for operations to commence. In addition, the hiring process for drivers includes competency tests, regardless of seniority and verifications of permits to work. This approach ensures that operations remain safe within a health and safety framework that is effective and impact-focused. Premix is conscious of the unique challenges facing the construction sector and fosters equal employment opportunities, while remaining sensitive to discrimination issues via an open-door policy on such matters.

Drymix

- Adopted a proactive approach to managing its human capital by hiring an HR Manager. In addition to adhering to UBP Group's overarching H&S measures, such as regular risk assessments and mandated processes like H&S committee meetings, Drymix has other robust policies in place, such as annual full blood tests for all its employees and mandatory lung examinations for welding staff, twice per year.

Gros Cailloux

- Has a dedicated occupational H&S management system that includes a full-time Health, Safety, and Environment Officer stationed at Gros Cailloux, whose responsibility is to ensure that OSHA is enforced.
- Reassessed its H&S procedures to effectively align them with the upcoming OSHA amendments.
- Carried out regular medical checkups to maintain the workforce in good health, especially those working with chemical products.
- Continued to enrich and upskill its human capital by training existing employees in fields beyond their roles/job descriptions to promote versatility and enable the smaller teams and the company as a whole to be agile, ready and resilient in the face of changes.
- Provided staff with access to training on how sustainability can help the company increase its market share. This will also contribute to strengthening the sustainability-driven culture within the company.

PERFORMANCE

Human Capital

Key Projects and Innovations

#1 UBP (IMPACTS ALL COMPANIES) - THE PATH

Context

UBP's businesses are at risk of a shortage of skilled labour, due to increasing local and global competition, coupled with the ongoing retirement of the Baby boomer generation. While Generation Z is making up a larger proportion of the Group's workforce, younger generations typically have different expectations of what job satisfaction means and are generally more likely to change jobs than previous generations. The younger workforce also perceives the construction industry as being 'unattractive'. The post-pandemic landscape and associated increased global attrition rates have exacerbated this challenge, with employers having to be increasingly creative to meet talent demands. Against this backdrop, retaining and upskilling its existing employees, and attracting new talents, is key to the Group's long-term sustainability.

Response

In May 2023, UBP launched **The Path** initiative, with the objective to foster employee development throughout their entire career within the Group. It is also a registered training centre with the Mauritius Qualifications Authority. **The Path** was designed to be one of the main tools for realising the Group's strategic objective by helping to break down silos and achieve the Group's overarching goal of always being ready as an integrated entity.

Beyond a training programme, **The Path** offers a strategic framework designed around organisational development - organisational culture, capability, values and relationships - as a means to drive the desired behaviours and performance. This ensures that the Group hones the collective skills and knowledge necessary to remain adaptable and in a state of constant readiness in the face of challenges.

The Path is split into three sub-paths, namely:

- **The Learner Path:** accessible to all employees and covering themes like Engagement, Leadership, Technical Skills and more. It combines internal and external training, aligned with individual and departmental needs.
- **The Talent Path:** focuses on talent management, recognising exceptional performance and growth potential across all employee levels. It involves tailored development plans for High Professionals and High Potentials.
- **The Knowledge Path:** imparts specialised expertise through training sessions, sharing decades of experience. This mainly concerns UBP for the time being.

A cornerstone of the framework is that participants are empowered to choose their own path, not only aligned with their career aspirations and personal development goals, but also directly aligned with organisational objectives, such as realising Group synergies, adopting an integrated and holistic approach, embedding a sustainability mindset and generating value for stakeholders. Employees are guided by a combination of counselling and optimal development paths and tools, enabling them to master their current roles, while also mapping a trajectory for them to fill potential future roles within the Group.

Achievements in FY2024

- Assessment of organisational needs
  - Ongoing training and development needs: Development needs were discussed at strategic levels with top management, resulting in a clear path set out for employees and teams, aligned with organisational objectives.
  - Continuation of Service Excellence[1] Culture: In 2021, the Group embarked on a journey of Service Excellence, aimed at building an uplifting service culture by delivering exceptional service, exceeding internal partner/external customer expectations, and building long-term customer loyalty. This initiative aims to help employees fully embrace a 'be of service' mindset and 'go above and beyond' mentality so as to deeply embed service excellence into the organisational culture. As of June 2023, the initiative has produced 10 Service Workshop Leaders and 98 Service Champions.
- Clear vision and mission of **The Path**: A vision and mission were defined and shared across the Group. The vision outlines the initiative's objective through training and development, and its mission provides a roadmap of how we intend to get there while also ensuring alignment with the Group's overall goals.
- 'Enn Roupi Profi' ('One Rupee of Profit'): **The Path** played a contributing role in building a profit-generating mindset at Gros Cailloux through a team alignment workshop. This resulted in Gros Cailloux achieving its objective of generating profits after several years of losses. Building on the success of this initiative, FY2024 will centre on a new mission: 'Sak Roupi Konté' ('Every Rupee Matters').
- Tailored training programmes: Several tailored training programmes were conducted by **The Path**, based on a needs assessment and integrating the unique development matrix[2]. These training programmes were delivered in different formats considering the 70:20:10[3] learning model, which combines workshops, seminars, on-the-job training, etc.
  - The 'Speaking with Impact' masterclass was held, with plans to make it a recurrent annual programme.
  - Team alignment workshops were completed for specific teams, aiming to unify them around common goals and improve collaboration.
  - Ongoing team coaching support was provided for the Premix management team.
  - The 'Train the Workplace Trainer' sessions kicked off, designed to empower individuals across the Group, including staff and operatives with specialised knowledge and expertise, to become internal trainers and facilitators. Through this programme, they are equipped to support the seamless transfer of knowledge and know-how within the organisation, fostering a culture of continuous learning. A second batch of sessions is planned for FY2024.
  - The 'Integrated People Development' programme was launched in April 2023, targeting HR Teams and Managers.
  - Annual Group conferences were hosted, including the most recent one featuring astronaut Jean François Clervoy, to inspire our learners.
  - Operatives development programme: This programme was designed for operatives of UBP production.
  - Sustainability programmes (i.e. *La Fresque du Climat*): This workshop aims to raise awareness on the causes and effects of climate change and on how to mitigate them: Workshops were held for General Managers, management teams and employees' children.

PERFORMANCE

Human Capital

Actions planned for FY2024:

- Continuation of Service Excellence Culture: The strategy is to further embed the service excellence culture into the Group's processes and DNA.
- Training of leaders and champions: The Group is committed to training a greater number of leaders and champions at all levels across the entire organisation to enhance our capabilities and be future-ready.
- Service-conscious individuals: A new category of employees, known as 'service-conscious individuals' will be introduced in the Group. These employees will possess a deep understanding of the common service language, enabling them to provide superior service and support to the Group's customers and clients.
- Tailored training programmes:
  - A Sales Training Programme will be implemented, involving internal and external trainers, alongside the introduction of a holistic sales capability framework.
  - Under the 'Solutions Grises programme', training will be given to the sales teams of UBP, Premix and Drymix, focusing on building a solid foundation of the products to develop a solution provider mindset. Ultimately, the aim is to foster greater collaboration between the teams of each company and offer a cohesive, integrated service to clients to position UBP Group as a one-stop solution provider. The programme will eventually be extended to Espace Maison and Gros Cailloux.
  - Sustainability programmes: As from March 2024, sustainability workshops will be carried out to create awareness on potential actions to be taken across the Group to support the Group's contributions towards the UN's Sustainable Development Goals, with a focus on climate change.
  - Health, Safety and Environment internal programmes: Several trainings are planned to deepen the HSE culture.
  - Life coaching sessions: As from September 2023, coaching sessions will be organised across the Group, focusing on the wellbeing of employees using sophrology, which is a holistic mind-body practice that aims to promote wellbeing, reduce stress and enhance personal development.
- Recognition and appreciation: Employees who actively engage in training and skill enhancement will be recognised to encourage employees to take ownership of their development and seek further opportunities for growth.

Want to know about The Path?
Scan the QR Code or follow this link

CLICK HERE FOR THE VIDEO

[1] **Service Excellence goes beyond customer service, it is an attitude, even a way of life, often manifested through simple gestures that add value for the people we interact with. It is primarily about making a deliberate extra effort for others.**

[2] **This matrix is a methodology that identifies which competencies are required and need to be developed. The matrix comprises five pillars - Connect, Exchange, Inspire, Empower, Grow - and aims to foster a culture of continuous learning within the Group.**

[3] **70:20:10 model is a learning approach that signifies that 70% of the learning is from job-related experiences; 20% of the learning is from collaborations and interactions with others; and 10% is from structured events (i.e. classroom-style courses, workshops, seminars...)**

#2 ESPACE MAISON-"HOW TO MAKE OUR PEOPLE HAPPY"

Context

Espace Maison's initiative is set within the same context as the previous innovation, characterised by the global phenomenon of post-pandemic employee attrition, which particularly affected the retail industry.

Response

Fully recognising the importance of retaining its skilled and engaged workforce, Espace Maison took proactive steps to enhance its human capital during the year. This led to the initiation of a comprehensive focus group involving 150 employees.

The focus group, aptly named "How to make our people happy", served as a platform for employees to voice out their needs, expectations and feelings, with a primary focus on improving job satisfaction and retention rates. Employee feedback played a pivotal role in shaping Espace Maison's human capital approach.

Following the focus group, Espace Maison implemented several measures to boost employee happiness and retention:

- Initiation of a proactive raise in the minimum wage, surpassing national standards. This measure not only underlines Espace Maison's commitment to fair compensation, but also serves as recognition of the dedication and hard work exhibited by its workforce.
- Introduction of an attendance bonus, providing employees with further incentives for their commitment and regular attendance. Employee feedback revealed that these initiatives were met with gratitude.

156 employees received the attendance bonus in August 2023, 135 employees benefitted from an increase in their minimum salary

It is worth noting that even employees not directly affected by these measures received an increment, reflecting Espace Maison's commitment to equitable treatment. Additional focus groups are in progress, aiming to gather more relevant feedback and enhance the overall level of happiness and job satisfaction within the organisation.

The focus group outcomes also serve as the foundation for a comprehensive action plan set to be implemented in FY2024. This plan will strongly emphasise work-life balance, recognising that employee wellbeing extends beyond financial incentives.

PERFORMANCE

Manufactured Capital

Manufactured Capital encompasses all physical and engineered assets in an organisation, including machinery, buildings, technology, and infrastructure.

Key numbers across the Group

Boulders crushed (tonnes):
(↑ 0.8%)

Cement consumed (tonnes):
(↑ 16.8%)

Aggregates sold (tonnes):
(↑ 4.4%)

Blocks sold (units):
(↓ 7.4%)

Precast slabs sold (m^2):
(↓ 14.7%)

Beams sold (m^2):
>1,000%

Concrete sold (tonnes):
(↑ 7.8%)

Dry mortar sold (tonnes):
(↑ 3.3%)

Vegetables produced (tonnes):
(↑ 18%)

Plants sold (units):
(↑ 10.3%)

Landscapes created (Rs million):
(↑ 18.2%)

Fertilisers (tonnes/ha):
(↓ 18.8%)

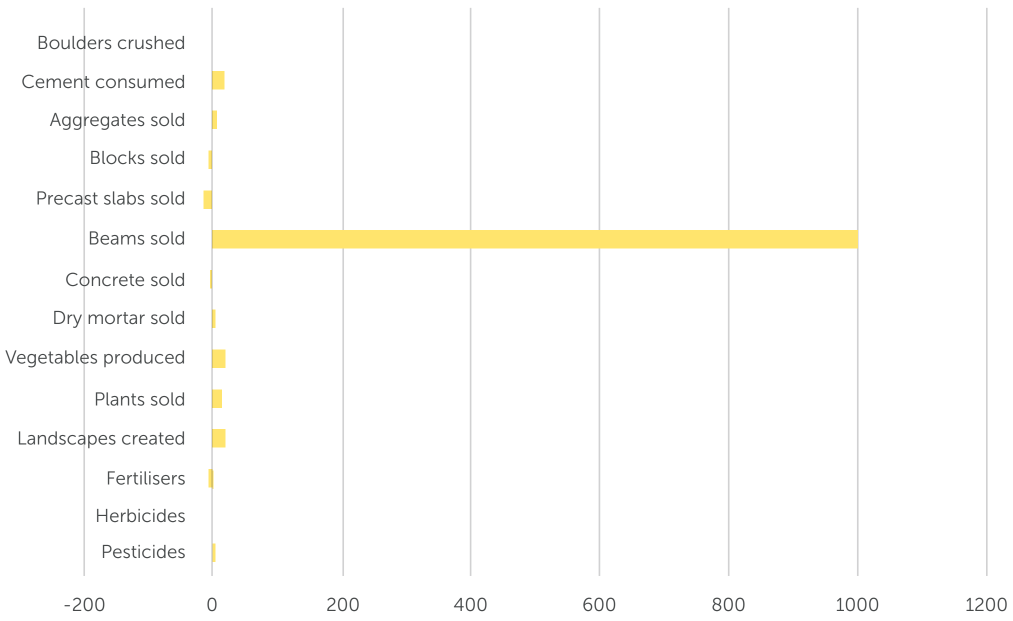
Herbicides (tonnes/ha):
(Same as FY 2022)

Pesticides (tonnes/ha):
(↑ 11.9%)

Strategic management of this capital

Our approach involves capitalising on existing assets, introducing innovative products and technologies, streamlining processes and teams, as well as managing stocks and suppliers for efficient, impact-focused operations, and mutualising shareable assets to maximise synergies and resource utilisation.

PERCENTAGE DIFFERENCE BETWEEN FY2022 AND FY2023



Highlights for FY2023

GROUP-LEVEL

- Increase of 16.8% in use of cement for operations
- Decrease of 35.4% in sales of smart blocks
- Increase of >1,000% in sales of beams related to a major construction project

PERFORMANCE

Manufactured Capital

INDIVIDUAL COMPANY CHALLENGES AND MITIGATION STRATEGIES

Company	Potential adverse impacts	Measures to reduce impact and create sustainable value
UBP	Supply chain price fluctuations impact the company's performance	The company is looking into alternative approaches, including assessing the suitability of using brands other than premium ones
Premix	Lack of integration of environmental criteria in equipment procurement	The company remains in a state of readiness should market conditions and realities change

OTHER ACTIONS TO PRESERVE AND CREATE VALUE

OPTIMISATION OF OPERATIONS AND ASSET MANAGEMENT

UBP

- Rs 205.5 million invested in new equipment for our production and laboratory functions.
- Closely monitored the average daily output of its sites, with the objective of raising efficiency by 5% as per its ongoing action plan.
- Implemented a Supervisory Control and Data Acquisition (SCADA) system at St Julien site to provide real-time data, allowing the company to make informed decisions swiftly and effectively. In addition, the system offers enhanced operational visibility and remote access, contributing to operational efficiency. The benefits of this innovative system will be assessed comprehensively during the FY 2024, as the company strives to continually improve and optimise its operations.

Further reading: Project #1

- Created a new department and adopted a mix of buying and leasing vehicles to manage its fleet more effectively, including vehicle idling time, cost control, flexibility and resource allocation, and to better meet operational and financial goals.
- In view of supply chain challenges and price fluctuations, the company has re-evaluated the use of premium brands and explored adequate alternatives.

Premix

- The company was not able to integrate environmental considerations into its equipment procurement processes in order to remain competitive compared to the rest of the market. That said, Premix remains agile and ready to adapt to changing market conditions and realities.

Drymix

- Reprocessed unsold finished products that have been in stock for over a year, to optimise throughputs.
- Provided training related to the optimisation of its operations to its management teams followed by practical implementation of this training.
- Drymix uses a basic mortar (CREPIFIX) that has a lower environmental impact compared to other traditional rendering mortars. This is because its formulation contains approximately 50% less cement than traditional in situ mortars, due to the substitution of the cement paste by biodegradable food grade cellulose based polymers.

Espace Maison

- UBP invested Rs 175 million for the refurbishment and extension of its building in Cap Tamarin (scheduled for completion by the end of 2023) and Espace Maison invested Rs 30 million for the interior design.
- 20-40% expected purchase cost savings in the FY 2024 and beyond resulting from a change in sourcing strategy. Espace Maison approaches suppliers directly, as opposed to interacting with middlemen. Besides saving on costs, this also enabled Espace Maison to exert more creative control on the presentation of products within its stores, and to be more directly exposed to environmentally friendly products available for the company to potentially market.

Further reading: Project #2

Gros Cailloux

- Purchased new equipment in January 2023 to enhance operational efficiency.
- Sold equipment no longer serving their intended purpose, based on an evaluation and remaining depreciation value.
- Rs 2.8 million invested in nursery infrastructure to increase production capacity. The company plans to invest Rs 14.5 million in new equipment and improved infrastructure in FY2024 for enhanced production, process automation and security reinforcement.

PREVENTATIVE MAINTENANCE

Drymix

- Ensures that its production equipment remains in service as long as possible to foster sustainability, in line with its policies:
  - The equipment renewal policy involves strategically amortising the cost of new production equipment over a 10-year period. After five years, mortar pumps are phased out and placed on standby, serving for marketing purposes of the service and as valuable spares. This practice optimises efficiency, but also curtails equipment waste to foster responsible resource utilisation and circularity.
  - Robust maintenance management is a cornerstone of its strategy. The company's policy emphasises preventative maintenance to effectively meet manufacturing standards. The addition of specialised expertise, such as a new factory manager, has facilitated meeting these standards, leading to decreased equipment maintenance costs and heightened operational efficiency.
  - Conducted monthly preventative maintenance stops for the production plant.

PERFORMANCE

Manufactured Capital

Key Projects and Innovations

#1 UBP - SCADA SYSTEM (ST JULIEN)

Context

In today's fast-paced business landscape, characterised by rapid technological advances, intense competition and skyrocketing costs, businesses are under immense pressure to improve their operational performance. In the construction industry, in particular, any minor issue encountered in a large-scale project can quickly escalate into a major problem, costing the company millions and with possible adverse impacts for human health and safety. In this context, the need for greater agility, oversight, adaptability and efficiency is critical.

Response

Well before the pandemic, UBP has been cognisant of the need for the integration of innovative technologies, automated systems, and the digitalisation of our operating processes. It also embarked on a deep reflection around how to harness its data for better analysis and forecasting, which led to the decision for more structured data retrieval and reporting. As part of our commitment to innovation, our Production and Engineering departments are pooling their resources and ideas to drive the automation and digitalisation of our aggregates and block-making processes. These digitisation projects now stand as one of UBP's primary objectives, and are poised to revolutionise our business models, streamline our operational processes, and open up exciting avenues for revenue generation and value creation.

Our journey into automation began in 2019 with the initiation of the Automated Block-Making and Concrete-Mixing Project at UBP Geoffroy. Since then, we have progressively implemented automation across most of our sites. As of 2022, UBP has embarked on multiple automation projects within our aggregate production processes, beginning with the transformation of UBP St. Julien, where a Supervisory Control and Data Acquisition (SCADA) system has been implemented to provide real-time data, allowing the company to make informed decisions swiftly, while allowing for fewer glitches, reduced downtime on projects and lower costs in the long term. In addition, the system offers enhanced operational visibility and remote access. The outcomes of this innovative system will be assessed comprehensively during FY2024.

Building on the momentum, UBP is on a path to gradually automate all its major production sites. Ultimately, our vision is to have every UBP site fully automated and digitalised, positioning us at the forefront of industry innovation.

#2 ESPACE MAISON - ELIMINATING THE MIDDLEMAN

Context

Like many retailers, Espace Maison found itself at the heart of the pandemic and ensuing cost-of-living crisis. The dual effects of reduced household spending and higher import costs translated into higher operating costs for Espace Maison. In a bid to navigate these challenges, Espace Maison sought to rethink its supply chain strategy, including its sourcing, procurement and inventory management practices.

Response

During FY2023, Espace Maison embarked on a strategic project named "Eliminating the middleman", which, as the name suggests, entailed bypassing certain intermediaries in its supply chain and thus eliminating the ‘shop in shop’ concept for selected products. This project marked a significant shift in Espace Maison's approach to sourcing and product presentation, not only saving valuable financial resources for the company, but also streamlining the procurement process.

Another key advantage of this new approach was Espace Maison's increased exposure to suppliers, resulting in more opportunities for collaboration and access to a broader range of products. The company found itself in closer proximity to eco-friendly products, better alignment with contemporary consumer preferences for sustainability, and in a position to seize further business opportunities.

Moreover, the transformation of Espace Maison's sourcing strategy allowed it to exercise greater creative control over how products were presented within its stores, enhancing the overall shopping experience for customers and strengthening the individuality of the Espace Maison brand.

From a financial perspective, this revised approach began yielding substantial cost savings in the purchasing processes. The initiative will reach its peak in FY2024 and enable Espace Maison to attain its objective of reducing its cost of purchase by 20% to 40%.

OUR PERFORMANCE

Intellectual Capital

Intellectual Capital consists of non-physical, knowledge-based assets, including organisational knowledge, systems, patents, copyrights, trademarks, and the intellectual property portfolio.

Key numbers across the Group

RESEARCH AND DEVELOPMENT

New trademark registration:
1

New product certification:
1 [E1]

New IT processes:
1 [E2]

Ongoing Research and Development projects:
>10

Academic partner:
1 (The University of Mauritius)

IT Headcount:
12

Number of website visitors:

UBP:
309,242

Espace Maison:
410,000

[E1]Pozbloc 0-4

[E2]Laboratory Information Management System

Number of Facebook likes and followers:

	FY 2022	FY 2023
UBP	28,000	32,479 likes and 33,788 followers
Premix	N/A	8,233 likes and 9,300 followers
Drymix	6,800	8,320 likes and 8,700 followers
Espace Maison	114,700	117,000 likes, 123,100 followers, 9,679 visitors on our Customer Engagement Platform
Gros Cailloux	30,900	32,000 likes and 34,000 followers

Number of Tiktok & Instagram likes and followers:

FY 2023 – GROS CAILLOUX

GROS CAILLOUX

9,859 followers
29,800 likes

ESPACE JARDIN BY GROS CAILLOUX

5,136 followers
13,400 likes

GROS CAILLOUX

1,964 followers

Bloc à bancher (BaB)

PERFORMANCE

Intellectual Capital

Strategic management of this capital

Our approach involves building decision-making capacity, innovating and synchronising IT systems to foster synergies and efficiency, and protect our know-how. The Group's intangible assets have proven vital in maintaining our competitive advantage and brand reputation within our operating markets, prompting us to constantly pursue the improvement and protection of our processes, through trademarks and software systems, in different capacities within our companies. Several projects implemented during the year clearly showcase the Group's ability to align intellectual capital with operational goals.

Highlights for FY2023

GROUP-LEVEL

- Invested in the modernisation of IT systems in some companies of the Group, specifically using Business Central as the main Enterprise Resource Planning (ERP) systems. During FY2023, Premix and Drymix shifted to Business Central 22.

- Invested significantly in R&D, particularly through our advanced LIMS (Laboratory Information Management System) system, empowering us to innovate sustainable product recipes.

- The Group fully understands the importance of protecting our operations and intellectual assets, such as Drymix and Premix recipes, customer data from Espace Maison and other companies, as well as crucial financial information, against ever-evolving cyber threats. This is why the Group prioritises robust cybersecurity practices, using a holistic strategy ensuring that both digital and human assets remain resilient against these threats.

- Over the past year, we have spearheaded transformative enhancements in our company's network infrastructure, focusing particularly on bolstering cybersecurity measures. Our primary initiative involves the implementation of a cutting-edge Software-Defined Wide Area Network (SDWAN), revolutionizing the way we manage and optimise our network traffic. This strategic move not only enhances the overall performance of our network but also fortifies our defences against potential cybersecurity threats. Furthermore, we fortified our company's cybersecurity posture by integrating state-of-the-art Next-Generation Firewalls (NGFW), to fortify our network security architecture. These robust security solutions offer advanced threat intelligence and mitigation capabilities, enabling us to proactively identify and thwart sophisticated cyber threats and ensuring a proactive approach to cybersecurity. This comprehensive approach not only safeguards our sensitive data but also establishes a resilient foundation for future technological advancements. As a result, our network is now better equipped to handle the evolving landscape of cybersecurity risks, positioning our company at the forefront of secure and efficient network operations, ensuring the resilience and integrity of our company's digital assets.

- Increase of R&D budget from 1.3% to 2.5% of total revenue. Drymix, in particular, exemplifies the Group's commitment to Research and Development (R&D) in its quest for higher quality, more eco-friendly products. Every formulation, every digital safeguard, and every sustainable initiative is carefully considered to echo the Group's commitment to a more sustainable future for all our stakeholders, and to a legacy of excellence.

Further reading: Projects #1 and #4

INDIVIDUAL COMPANY CHALLENGES AND MITIGATION STRATEGIES

Company	Potential adverse impacts	Measures to reduce impact and create sustainable value
UBP Group	Increased connectivity inevitably translates into increased vulnerability to scams, phishing and other forms of cyber attacks.	The Group carried out increased employee awareness by constant communication, as well as increased investment in cybersecurity
Espace Maison	Increased connectivity inevitably translates into increased vulnerability to scams, phishing and other forms of cyber attacks.	The company disallowed WeChat on its network and invested in sim-only phones and processes to minimise security risks.

Key Projects and Innovations

DIGITAL TRANSFORMATION ACROSS THE GROUP

#1 SUSTAINABILITY AND R&D AT DRYMIX

Context

Sustainable development is a cornerstone of the Group's strategy. We are aware that our activities, by their nature, have an impact on the environment. This has prompted UBP to commit to leveraging its resources and expertise to drive a positive impact on the environment. Central to this objective is product innovation, which aims to improve the sustainability of existing products, or to design new ones that deliver environmental benefits.

Response

Drymix's recent innovations shine a light on our sustainability aspirations. Notable advancements include the new version of SCREED 04, which is a formula developed in our laboratory, and which offers greater workability and adaptability. The POZBLOC 04 recipe, which is currently under development, promises significant productivity enhancements, aiming for a commercial launch by October 2023. Meanwhile, innovations such as DURCISOL align with LEED rating systems help projects improve in terms of sustainability and earn LEED credits.

Taking a sustainable approach has tangible benefits. Our laboratory's initiative to measure and optimise its electricity consumption has resulted in monthly savings. Bolstered by this success, energy monitoring mechanisms have been extended across our factory, laying the groundwork for potential green energy solutions.

#2 UBP: ENHANCING CAPEX MANAGEMENT THROUGH DIGITAL INNOVATION

Context

The nature of UBP's business necessitates significant capital expenditure (CAPEX). The management of the CAPEX budget is an important annual process, also including the requests and subsequent chain of approvals.
The traditional system, while effective, was somewhat falling short in realising potential synergies between departments.

PERFORMANCE

Intellectual Capital

Response

In FY2023, guided by our proactive leadership's vision, and the Group's culture of innovation and continuous improvement, a decision was made to enhance the CAPEX management process in a way that fosters seamless inter-departmental collaboration.

The introduction of a cutting-edge module into our ERP was a bold step forward. The new system offers a comprehensive and transparent view of every CAPEX request, ensuring that each proposal is thorough and facilitates informed decision-making. This system has successfully bridged the communication gap between departments – from procurement to finance and treasury – ensuring timely information-sharing and alignment among all stakeholders.

The system also allows for better communication between the operational team and management, saving precious time for all parties and creating a win-win situation: the operational team can now communicate directly with the concerned member of the team about the status of the CAPEX request and any issue being encountered, providing details that the approver may not have.

This new system has, in turn, freed our upper management's time, allowing them to focus more effectively on other priorities, whilst ensuring that the process and deadlines are met.

#3 PREMIX: LEVERAGING TECHNOLOGICAL SYSTEMS FOR OPTIMISED OPERATIONS

Context

Upon its full acquisition by UBP two years ago, Premix presented a unique operational conundrum. Unlike other products in the Group's portfolio, Premix's products has a remarkably short shelf life of three hours. The implications were clear: if the product isn't delivered within the three-hour window, it becomes unusable, leading to immediate loss.

Response

Understanding the intrinsic complexities of such a product, Premix undertook a series of systematic integrations to bolster efficiency and precision in the delivery process. The first step was the integration of a Lead Management System, through which every order taken from a customer is immediately digitalised, eliminating manual bottlenecks, and accelerating the order-to-delivery process.

This streamlined approach has allowed Premix to enhance its logistical planning. The company can now promptly determine which one of its five facilities will be optimal to fulfil a particular order. The system's capability extends beyond logistics. It also helps in identifying the precise mix of concrete required for specific applications, whether for the roof of a house, or specialised underwater constructions such as the extension of the Caudan Waterfront.

Premix's use of the SCADA (Supervisory Control And Data Acquisition) programme showcases its commitment to precision and quality. By automating the mixing process for various concrete types, based on distinct recipes, SCADA ensures the product's consistency and quality. The introduction of such a system has also had a tangible impact on the company's bottom line by dramatically reducing losses associated with mixing or time delays.

This strategic investment in a full ERP solution, coupled with SCADA's implementation, has not only enabled Premix to mitigate potential losses, but also positioned the company as a leader in efficiency and customer service.

#4 DRYMIX - R&D ADVANCEMENTS IN FORMULATIONS AND PROTECTION OF INTELLECTUAL CAPITAL

Context

Drymix operates in an ever-changing industry, where adherence to high quality standards is paramount, especially if it wishes to maintain its position as Mauritius' leading manufacturer of ready-to-use bagged mortar. The company's laboratory never stops innovating and engages in continuous improvement to ensure it remains aligned with the highest international standards.

Response

All R&D including formulations originating from Drymix's laboratory are some of the Group's most prized intellectual property assets, important tools for the company's growth that provide high tangible and intangible value for Drymix. Beyond this in-house ingenuity, Drymix continues to showcase its commitment to shared knowledge and innovation, for instance through its participation at the Drymix.info conference in Istanbul in 2023. Our collaboration with additive manufacturers serves as another testament to our dedication towards product evolution and marketplace distinction.

Our current certifications

- Drymix is certified ISO 9001: 2017
- Drymix laboratory is accredited ISO/IEC 17025:2017
- Two products, namely KAROFIX & KAROPRO, are manufactured under the licence of MAURICERT Certification Mark (Issued by MSB)
- Three products, namely KAROPRO, CREPIFIX 01 & DURCISOL, have undergone tests as per European standards in line with LEED rating systems.

Likewise, safeguarding our formulations in this digital age is paramount, and R&D is key to protecting the intellectual capital that forms the basis of our competitive advantage. Recognising the criticality of this endeavour, Drymix is championing the integration of advanced cybersecurity measures, leading to a strategic increase in our R&D budget. This budgetary expansion encompasses the protection of our intellectual assets, ensuring they remain shielded from potential threats.

#5 GROS CAILLOUX: BUSINESS INTELLIGENCE INTEGRATION FOR STRATEGIC COSTING

Context

Given the diversity of its activities, Gros Cailloux faced an intricate challenge: how to achieve precise costing across its business units and cost centres. The nature of Its multifaceted operations, such as supplying plants to Espace Maison, demanded accurate cost allocation.

Response

Gros Cailloux embarked on a transformative journey to adopt the Business Central model in FY2023. This shift led to a comprehensive system overhaul, resulting in the establishment of new cost centres, departments, and a revamped chart of accounts.
A standout feature of this new system was the integration of a Business Intelligence (BI) module, which provided upper management with a bird's eye view of the business operations and financial intricacies. This holistic perspective facilitated agile and informed strategic decision-making, ensuring that the company operates with the most accurate product costing.

One notable application of this advanced system was seen in the management of the restaurant at Gros Cailloux. Upon analysing its costing through the new system, it was revealed that the restaurant's operations weren't as cost-effective as anticipated. This led to the prompt decision to lease the restaurant space to a third-party expert, which played a part in turning around the performance of Gros Cailloux.

PERFORMANCE

Social Capital

Social Capital represents the value derived from relationships and networks that an organisation has with its stakeholders, revolving around trust and engagement.

Key numbers across the Group

CSR spent on ongoing projects:
Rs. 1.0 million

CSR spent on new projects:
Rs. 1.0 million

CSR spend per theme:

Education:
29%

Socio-economic development:
44%

Environment & sustainable development:
7%

Exclusion:
20%

Extra Sponsorship:
Rs 2.0 million

Extra sponsorship per focus area:

Education:
6%

Sports:
31%

Culture:
21%

Poverty:
7%

Sustainable development:
20%

Society:
15%

Strategic management of this capital

As a Group, we are part of a large network of stakeholders and a community. It is with this in mind that we strive to build and uphold honourable relationships based on shared values, ethics and behaviours that are beneficial to all parties involved. To enhance this capital, we focus on creating a better living environment for people and communities, maintaining relationships of trust and goodwill, adapting to changing consumer patterns, and developing brand resilience.

Highlights in FY2023

GROUP-LEVEL

- 100% of the customers who provided feedback through the UBP Customer Care Centre rated our service as "Satisfactory" or "Very Satisfactory.

INDIVIDUAL COMPANY CHALLENGES AND MITIGATION STRATEGIES

Company	Potential adverse impacts	Measures to reduce impact and create sustainable value
Espace Maison	Changed the return policy in FY2023 and faced a backlash of complaints from customers.	In response to challenges arising from the change in return policy in FY2023, proactive measures were taken: All returns, after-sales service, warranty, and general conditions of sales policies were reviewed and enhanced for conciseness and clarity and made available online to the public for transparency. To improve accessibility, QR codes were added to ticket sales, providing customers with direct links to policies. The principles of returning products, however, have been retained.

OTHER ACTIONS TO PRESERVE AND CREATE VALUE

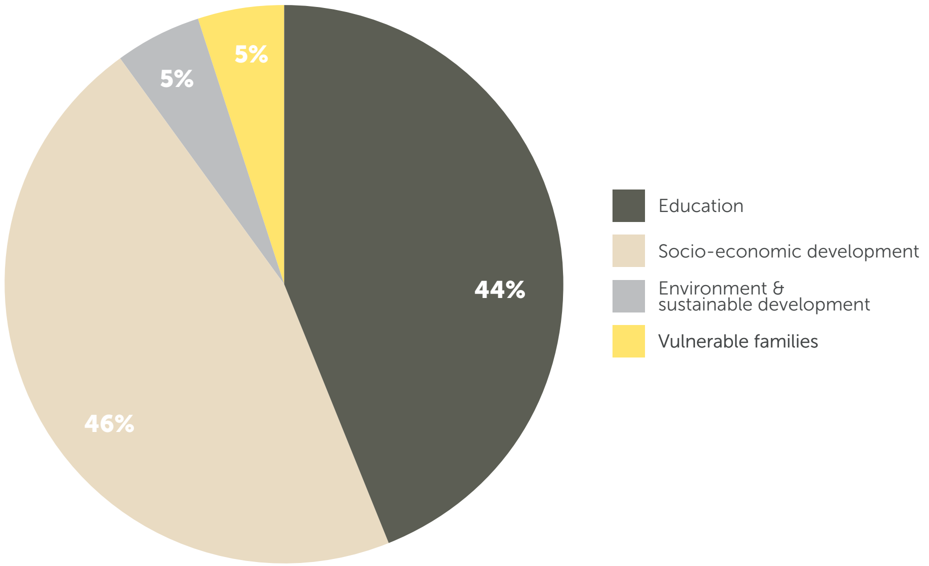
CSR ACTIVITIES

CSR	FY 2022	FY 2023
CSR spent on ongoing projects:	Rs 1.5m	Rs 1.0m
CSR spent on new projects:	Rs 1.5m	Rs 1.0m
Total CSR	**Rs 3.0m**	**Rs 2.0m**

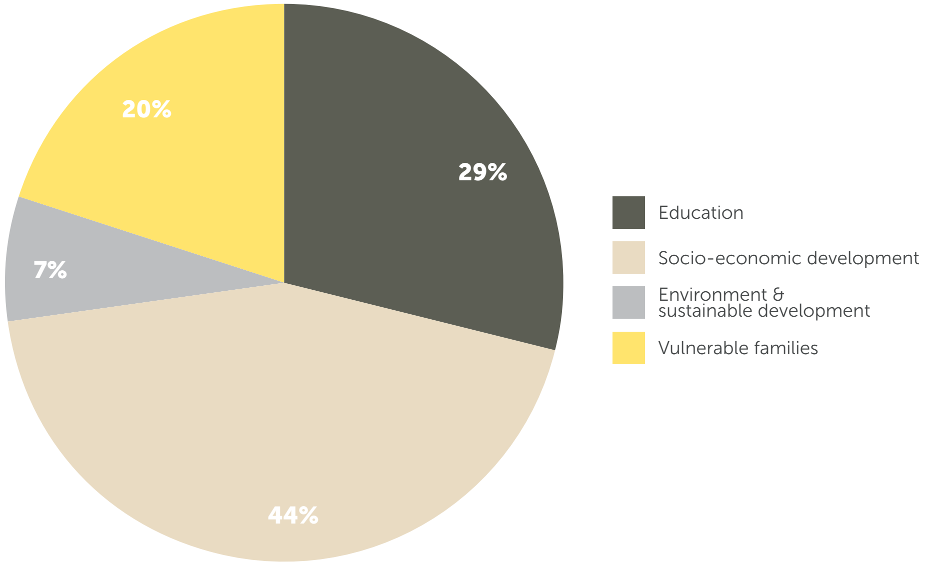
PERFORMANCE

Social Capital

CSR ALLOCATION FY 2022

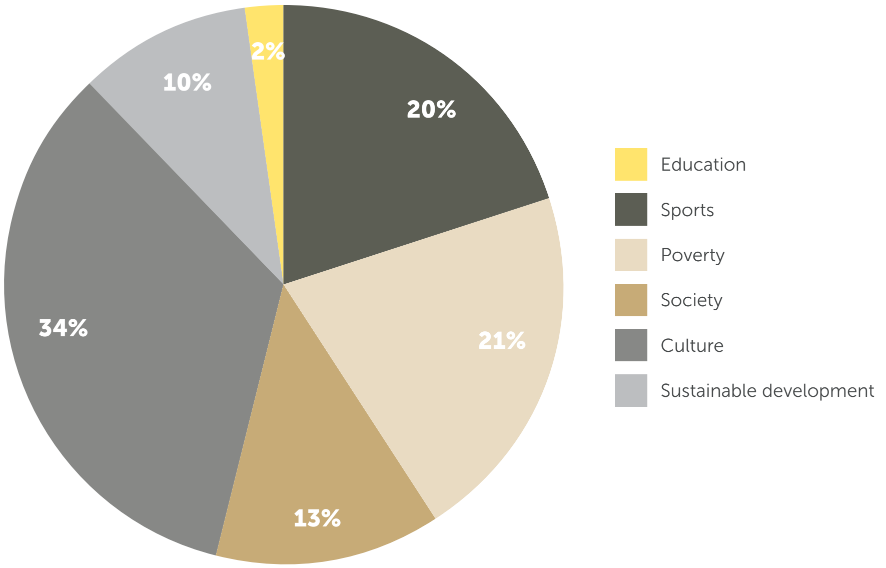


CSR ALLOCATION FY 2023

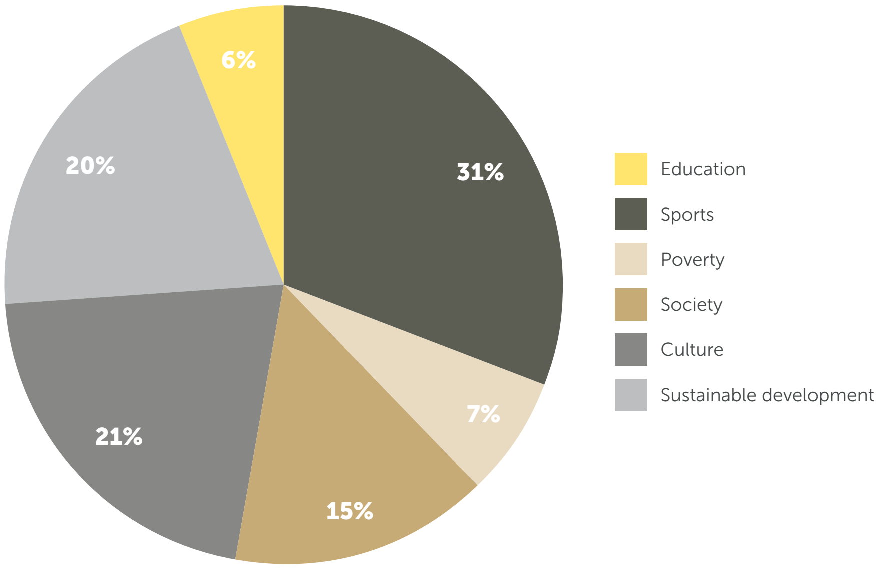


	FY 2022	FY 2023
Extra Sponshorship	Rs 2.4m	Rs 2.0m

EXTRA SPONSORSHIP ALLOCATION FY 2022



EXTRA SPONSORSHIP ALLOCATION FY 2023



PERFORMANCE

Social Capital

UBP Group's CSR approach

IN-HOUSE CSR PROGRAMME

At UBP, we understand that addressing societal challenges requires a comprehensive approach to ensure we have a positive impact on multiple fronts. In line with one of our key values, Commitment, UBP has built several meaningful partnerships with various NGOs over the years, through which we target key areas such as education, economic and social development.
Our dedication extends to the emotional wellbeing of children, the protection of nature reserves, plastic recycling projects, and sponsorship of families in need, among others, ensuring a positive impact both on the environment and on marginalised communities. Through these partnerships, we work towards fostering positive change and creating a more sustainable and inclusive future for all.

EXTERNAL PARTNERSHIP WITH FONDATION JOSEPH LAGESSE

Beyond our support of 10 NGOs in the above-mentioned fields, we also work closely with the Fondation Joseph Lagesse (FJL) in support of their projects, which fall under one of three programmes: Empowerment Programme, Literacy Programme and Rapid Response Programme. These programmes also align with the United Nations Sustainable Development Goals (SDGs), which the Group also supports.

EDUCATION

Partner NGO: Action for Integral Human Development (AIHD)
Project: Les Amis de Zippy

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION

Through our enduring partnership with AIHD, we have steadfastly supported the implementation of the esteemed international school programme, Les Amis de Zippy. This programme is dedicated to promoting the emotional wellbeing and mental health of children attending public primary schools in Mauritius and Rodrigues.

Les Amis de Zippy focuses on equipping children between the ages of 5 and 7 with essential psychosocial skills, enabling them to effectively navigate daily challenges. It aims to foster empathy development, emotional regulation, conflict resolution, adaptation to changes and losses, as well as effective communication and active listening.

This programme incorporates multiple interventions, ensuring a holistic approach to nurturing the emotional and social growth of these children, including:

- National awareness campaign for the "Les Amis de Zippy" programme through video presentations for children in Grades 1, 2, and 3.
- Sessions to promote the wellbeing of school staff members.
- Sessions to promote positive parenting.
- Implementation of the "Les Amis de Zippy" programme in all 8 Special Education Needs (SEN) schools, targeting children with disabilities.

Partner NGO: Fondation Joseph Lagesse (FJL)
Project: Literacy Programme

UBP has long viewed education as a crucial factor in breaking the cycle of poverty, and has been working to equip vulnerable communities with essential literacy skills. Our support of this project firmly aligns with UBP's desire to improve employability prospects for vulnerable groups, which in turn helps reduce poverty levels.
In line with this commitment, we provided funding to FJL's Literacy Programme, which caters to both children and adults, focusing on enhancing their abilities in reading, writing, and arithmetic.

Partner NGO: SOS Children's Villages
Project: Alternative Care

We continued to support SOS Children's Villages, which extends compassionate care to children and young individuals who have lost parental support and those at risk of losing it. The alternative care programmes encompass both residential and non-residential care options, tailored to meet the unique needs of each child. The range of alternative care services includes:

- Providing love, care, and protection.
- Delivering essential psychosocial support through dedicated psychologists, social workers, and other professionals.
- Engaging in therapeutic activities to aid the healing process from past traumas, abuse, neglect, and abandonment.
- Ensuring access to quality education, vocational training, and fostering youth employability.
- Encouraging participation in developmental activities that empower and enrich the lives of these young individuals.

Partner NGO: Association de Parents d'Enfants Inadaptés de l'Ile Maurice (APEIM)
Project: Empowerment of persons with disabilities

We strive to create a more inclusive society by supporting APEIM, an NGO devoted to caring for children and adults with intellectual disabilities. APEIM fosters their development, integration and wellbeing through specialised programmes and dedicated support. These include empowering workshops aimed at providing training and personal growth opportunities for young adults under the guidance of qualified educators, as well as various learning experiences to enhance social skills, and enable them to thrive and lead fulfilling lives.

PERFORMANCE

Social Capital

ECONOMIC AND SOCIAL DEVELOPMENT

Partner NGO: Mouvement Forces Vives Quartier EDC Rose Belle
Project: Addressing the issue of asbestos-based houses

3 GOOD HEALTH AND WELL-BEING

UBP supports the NGO Mouvement Forces Vives Quartier E.D.C. Rose Belle in its dedicated efforts to address the critical issue of asbestos-based houses in the area. Our support for this project is driven by our commitment to provide residents of Rose Belle with structurally sound and sustainable housing alternatives. By joining hands with this noble cause, we aim to make a meaningful impact on the lives of the community members, ensuring improved living conditions and promoting awareness about the dangers of asbestos exposure.

Partner NGO: Foundation Joseph Lagesse (FJL)
Project: Empowerment Programme

1 NO POVERTY · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCE INEQUALITIES

By aiding in their training initiatives, we aim to equip the youth and women with the necessary skills and knowledge to increase their employability and help them break free from the cycle of poverty.

Partner NGO: Foundation Joseph Lagesse (FJL)
Project: Rapid Response Programme

1 NO POVERTY · 2 ZERO HUNGER

FJL's Rapid Response Programme was set up in 2020 to provide much-needed aid to vulnerable families in the midst of the COVID-19 pandemic.

Partner NGO: Foundation Joseph Lagesse (FJL)
Project: Building Sanitary Blocks and Refurbishing Houses

3 GOOD HEALTH AND WELL-BEING · 10 REDUCE INEQUALITIES

This past year, UBP has also chosen to collaborate with FJL on a project to build sanitary blocks and refurbish houses, with the goal of ensuring that every family has access to adequate sanitary facilities. By improving living conditions and hygiene standards, we hope to contribute to the overall wellbeing and health of these families.

Partner NGO: Le Pont du Tamarinier
Project: Housing support for families in Black River

Through its housing projects, Le Pont du Tamarinier is working to assist families living in challenging conditions in Black River. Our partnership aims to restore their dignity and recognise their rights as citizens. Beyond providing housing, the NGO empowers them to actively participate in community development. With this support, some families will have the opportunity to build their own homes, while the most vulnerable will receive additional aid through fundraising efforts.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

Partner NGO: Mauritian Wildlife Foundation (MWF)
Project: The Anse Quittor Nature Reserve Project

As part of our commitment towards environmental protection and sustainability, we have a long-term partnership with the MWF for the restoration of our ecosystem and the protection of endemic species. The Anse Quittor Nature Reserve project in Rodrigues aims to safeguard the unique lowland plants and animals, while empowering the local community through a range of carefully planned activities. These include, amongst others, removing invasive alien species using traditional tools and manual labour, propagating endemic and native plants in the in-situ nursery, and planting saplings in high density restoration plots.

Partner NGO: Mission Verte
Project: Plastic Recycling Project

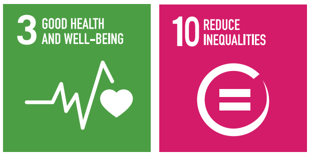
We provide financial support to Mission Verte, which initiated the "Freedom Plastic" project in early 2021. Through this project, plastic is locally recycled in a small workshop, with the active participation of schools in Mapou. The NGO continues its efforts to increase the amount of plastic being recycled, while raising awareness among students and the public at large.

PERFORMANCE

Social Capital

EXCLUSION

Partner NGO: Centre d'Accueil de Terre Rouge
Project: Rehabilitation of Drug Addicts



UBP is deeply committed to combating poverty by tackling social exclusion. By funding this centre for drug addicts, we contribute to the wellbeing and rehabilitation of individuals struggling with addiction. Our commitment to this cause reflects our belief in the power of compassion and care in helping those facing challenging circumstances.

Partner NGO: Lovebridge
Project: Sponsoring Vulnerable Families

We have recently embarked on a new partnership with Lovebridge, through which we sponsor families and address their urgent needs, such as food packs, education materials, uniforms, books, house renovations, furniture, medical consultations, medication, glasses, and employment training.

Key Projects and Innovations

#1 THE UBP CUSTOMER CARE CENTRE

Context

Our social capital also includes our interactions with our clients who are key to the success of UBP.

UBP strives to capitalise on the Group's synergistic capabilities from an operational, management and human perspective. Several companies within the 'grey segment' (or core business) have gradually been pooling their resources in a bid to enhance their sales potential and deliver excellence in customer service. This includes cross-selling products, ensuring customer feedback is properly received and fielded, and bringing sales teams together to provide a cohesive customer experience. In 2021, Drymix and UBP successfully established one point of contact for both entities, which boosted their individual and collective sales, as well as the quality of service being provided. Building on this, and in light of the large volume of queries received by all departments, the Group made the decision to centralise the Group's customer service.

Response

In February 2022, UBP Group introduced a dedicated and free of charge Customer Care Centre, accessible at 800 11 22 and operational between 8am and 5pm. This hotline is a shared resource between UBP, Premix, and Drymix, and serves a dual purpose: it offers vital information, support, and resolution to customers from all three entities at no cost, while also serving as a channel for customer feedback and complaints, though such instances remain rare. Three proficient agents attend to customers' most needs and have contributed to strengthening relationships with the Group's clients.

In FY2023, the hotline received a single official complaint, which was efficiently channelled to our Health and Safety Officer for immediate resolution. Besides feedback, clients also call the hotline to request quotations and connect directly with the sales staff.

Our process has evolved significantly since its conception. Following rigorous refining and adaptation from 2021 to 2022, 2023 saw a focus on streamlining the system for improved customer satisfaction and privacy. Each interaction is recorded as a potential lead. A strict privacy policy is in place, where customers make the decision on whether they wish to share their personal information with the sales team. In instances of privacy preference, customers are directly connected to the respective salesperson.

CUSTOMER FEEDBACK MECHANISM

In our continuous pursuit for excellence, each week starts with a reflective practice. Every Monday, our team conducts follow-up calls to customer serviced in the previous week, ensuring we capture their feedback and gauge the effectiveness of our services. The follow-up call is made by a different customer care representative than the one who initially assisted the customer, ensuring that this mechanism maintains its objectivity and transparency, and effectively gathers unbiased feedback.

Customers are called upon to rate our service on a three-tier system: "Poor, Satisfactory, or Very Satisfactory." This feedback covers various touchpoints: from confirming the sales team's response, to understanding their purchasing decisions, and satisfaction levels. Unsatisfactory feedback is critically addressed. These insights are channelled to respective managers, ensuring that necessary actions are taken promptly to remedy the situation at hand and enhance our service delivery.

UBP's Customer Care Centre stands as a testament to our dedication to offering superior customer experience through a clear channel of communication to all our customers across the island. This commitment, mirrored in our feedback data below, propels us to continually elevate our standards and serve our customers better every day.

Outcomes and data for FY2023:

Collective feedback:
- 69% of callers participated in the feedback process.
- 31% chose not to provide feedback.

Of those who provided feedback:
- 100% rated our service as "Satisfactory" or "Very Satisfactory" during the FY2023.

Feedback on the sales team performance:
- 39% chose not to provide feedback.
- 51% expressed "Satisfactory" feedback.
- 10% reported an "Unsatisfactory" experience.

PERFORMANCE

Financial Capital

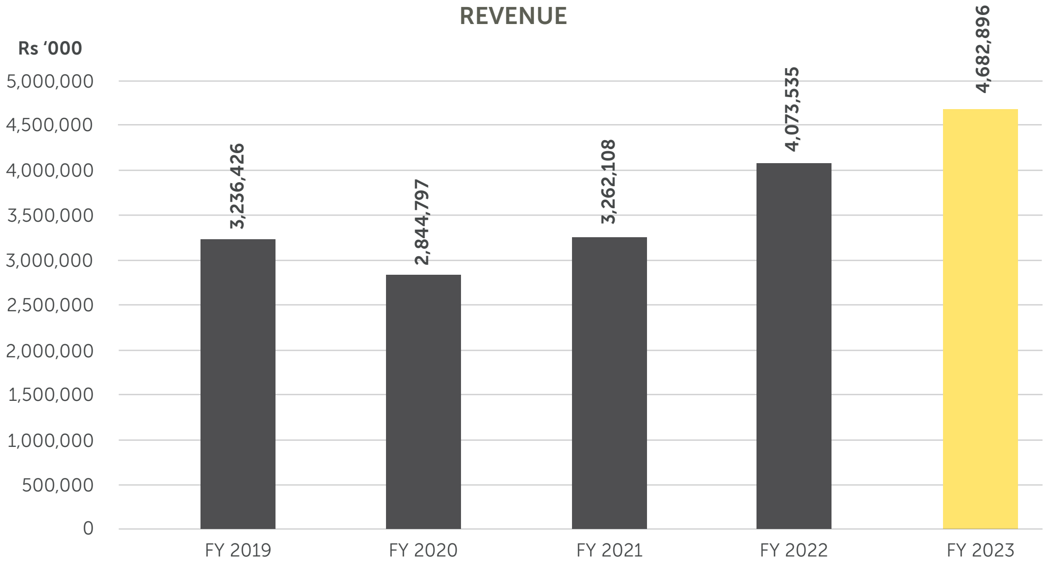
Financial Capital represents the economic resources controlled by the organization, encompassing all available finances used to produce goods or provide services.

FINANCIAL PERFORMANCE REVIEW

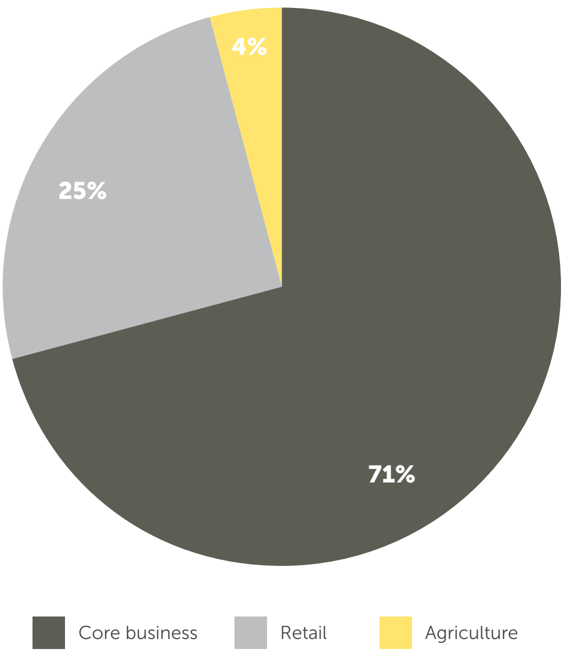
The construction industry's growth rate for calendar year 2022 was 1.3% (compared to 22.7% in 2021, due to the post-Covid catching up effect) while the forecasted growth rate for 2023 is estimated at 28.6%. This significant upside is mainly attributable to the major infrastructure projects currently underway across the island, namely the social housing project, the Metro Express extension, the enhanced road network plan, the improved drain infrastructure and other infrastructural works and public buildings. Hence, the Public Sector investment growth rate is estimated to grow from 1.1% for calendar year 2022 to 40.9% for 2023 whereas the Private Sector investment growth rate is estimated to grow from 9.6% to 14.5%, comprising the development of smart cities, a Biotechnology park, land parceling projects, property development scheme (PDS) projects and the construction/renovation of hotels.

Our **Group revenue** for FY2023 increased by 15.0% to Rs 4.7 billion (FY2022 – Rs 4.1 billion) attributable mainly to our core business activity segment. Unlike in the previous financial year, Premix Ltd (formerly Pre-Mixed Concrete Limited) was consolidated as a subsidiary for the entire financial year under review and contributed Rs 330.9 million to the revenue increase for the financial year while FAST (Flacq Associated Stonemasters Limited), acquired on March 29, 2023, contributed an additional Rs 36.0 million.

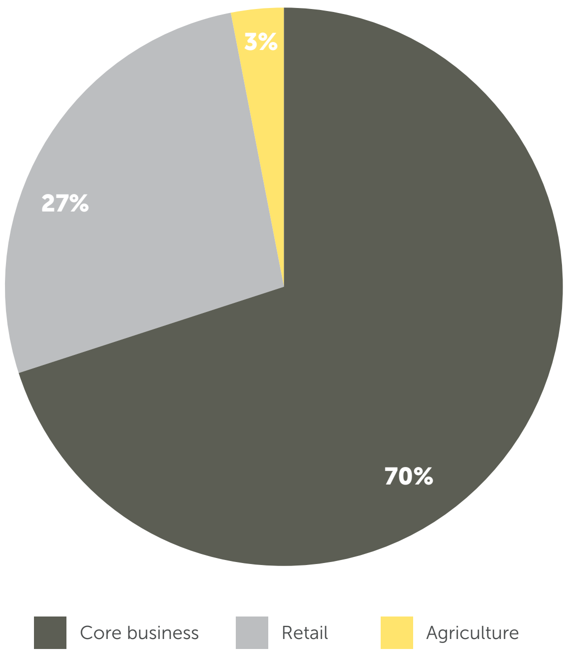
REVENUE



REVENUE FY 2023



REVENUE FY 2022



PERFORMANCE

Financial Capital

Statement of Profit or Loss

	YEAR ENDED	
	June 30, 2023	June 30, 2022
	Rs'000	Rs'000
Revenue	**4,682,896**	4,073,535
EBITDA	**628,662**	518,804
Depreciation and amortisation	**(381,005)**	(314,063)
Operating profit	**247,657**	204,741
Allowance for expected credit losses on financial assets	**(19,099)**	(23,281)
Impairment of assets	**-**	(348,100)
Gain on deemed disposal of associate	**-**	158,236
Finance income	**957**	2,125
Finance costs	**(107,574)**	(59,490)
Share of results of associates	**13,523**	10,678
Profit / (loss) before tax	**135,464**	(55,091)
Tax income / (expense)	**6,546**	(1,622)
Profit / (loss) for the year	**142,010**	(56,713)
Non-controlling interests	**(8,350)**	(10,840)
Profit / (loss) for the year attributable to equity holders of the parent	**133,660**	(67,553)
	Rs	Rs
Earnings per share		
Basic, profit / (loss) for the year attributable to ordinary equity holders of the parent	**5.04**	(2.55)
Dividend per share - Rs	**-**	3.00

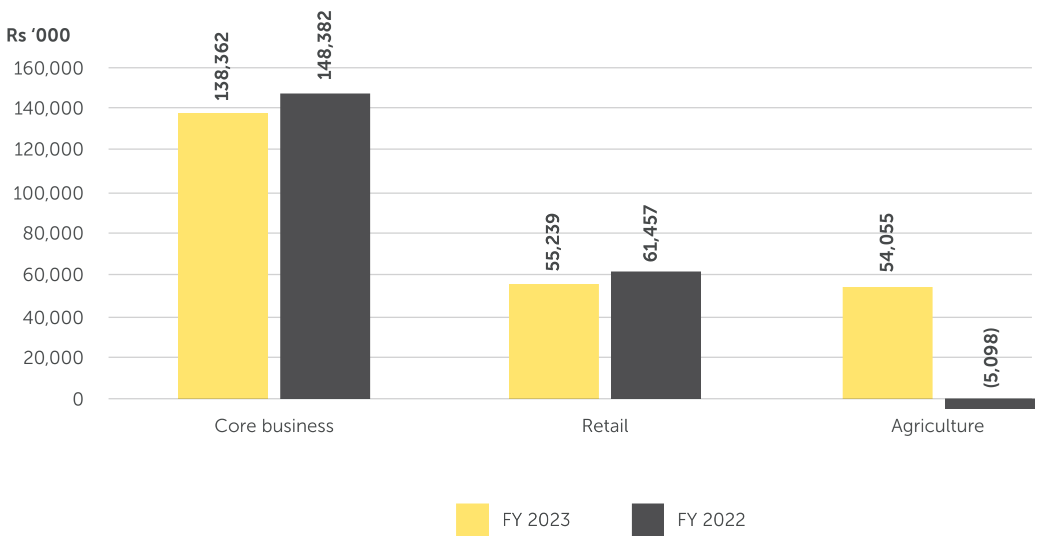
Our **Group operating profit** increased from Rs 204.7 million in FY2022 to Rs 247.7 million for the financial year under review. Our local core business activities performance for the last quarter was positively impacted by an increase in revenue and by the reversal of provisions on staff-related costs, retirement benefit liabilities, inventories, spare parts obsolescence and expected credit losses. Conversely, our profitability for the financial year was adversely affected by a significant increase in our cost of production arising from the impact of imported inputs, higher fuel prices, increased electricity charges and repairs and maintenance. The performance of Premix Ltd improved significantly compared to the previous financial year when we incurred exceptional transition expenses linked to the shift of management.

On the foreign front, the Board has decided to postpone the disposal of our subsidiaries in Sri Lanka and Madagascar given the unfavourable economic context prevailing in these countries. Hence, the results of both entities have been reclassified as continuing operations in the statement of profit or loss and other comprehensive income for the financial year under review.

Despite an increase of 7.9% in revenue and a release in stock damage and discrepancies provision, the profitability of our Espace Maison retail activities segment for the financial year under review was lower than in FY2022 due to an increase in staff costs, rental charges, marketing and selling expenses.

In terms of our agricultural activities segment, the operating result of Compagnie de Gros Cailloux Limitée was significantly better than in FY2022 due to an exceptional profit of Rs 43.2 million realised on the sale of agricultural land, as well as the improved performance of our vegetable-growing and greenhouse activities, and an increase in the price of sugar.

SEGMENTAL REPORTING PROFIT



PERFORMANCE

Financial Capital

Our share of results from associates for the financial year under review increased by 26.6% compared to that of the previous financial year due to the improved performance of Terrarock Ltd.

Our Group **EBITDA** increased by 22.4% from Rs 518.8 million for FY2022 to Rs 634.9 million for the financial year under review. After taking into consideration the net impact of Rs 189.9 million resulting from the impairment of goodwill and the deemed disposal of shares in Premix Ltd in the previous financial year, our Group net result increased from a loss of Rs 56.7 million for FY2022 to a profit of Rs 142.0 million for the financial year under review. **Earnings Per Share** likewise increased from a loss of Rs 2.55 for FY2022 to Rs 5.04 for the financial year under review.

Statement of Financial Position

	YEAR ENDED	
	June 30, 2023	June 30, 2022
	Rs'000	Rs'000
Total assets	**7,713,571**	6,409,426
Interest bearing loans and borrowings	**2,337,317**	1,825,736
Borrowings excluding bank overdrafts	**1,900,835**	1,483,328
Equity attributable to shareholders of the parent	**4,215,442**	3,441,748
	Rs	Rs
Net assets value per share	**159.01**	129.83

Financial Ratios	**2023**	2022
Operating margin - %	**5.29**	5.03
Interest cover - times	**2.26**	0.07
Dividend cover - times	**-**	(0.85)
Return on equity - %	**3.17**	(1.96)
Return on assets - %	**1.73**	(1.05)
Debt to equity - times	**0.55**	0.53

CAPITAL EXPENDITURE INVESTMENTS

Our Group invested Rs 767.0 million in capital expenditure (including Right of Use Assets) for FY2023 as detailed below :

	FY 2021	FY 2022	**FY 2023**
	Rs'000	Rs'000	**Rs'000**
Freehold land & buildings	36,371	44,179	**64,740**
Leasehold & land improvement	285	205	**-**
Plant & equipment	98,215	203,125	**299,088**
Motor vehicles	7,874	30,198	**11,475**
Asset in progress	16,858	103,960	**219,166**
Total investment in Property, Plant & Equipment	159,603	381,667	**594,469**
Investment in intangible assets	9,476	21,613	**22,028**
Investment properties	480	-	**-**
ROU Assets excluding land & buildings	39,332	105,890	**150,502**
Total	208,891	509,170	**766,999**

Investments made in terms of our core business activities segment (including Premix Ltd and Drymix Ltd) related mainly to the replacement and upgrading of our existing plants, including some automation, the acquisition of cement silos, several pump trucks for our ready-mixed concrete activity and the replacement of quarrying equipments.

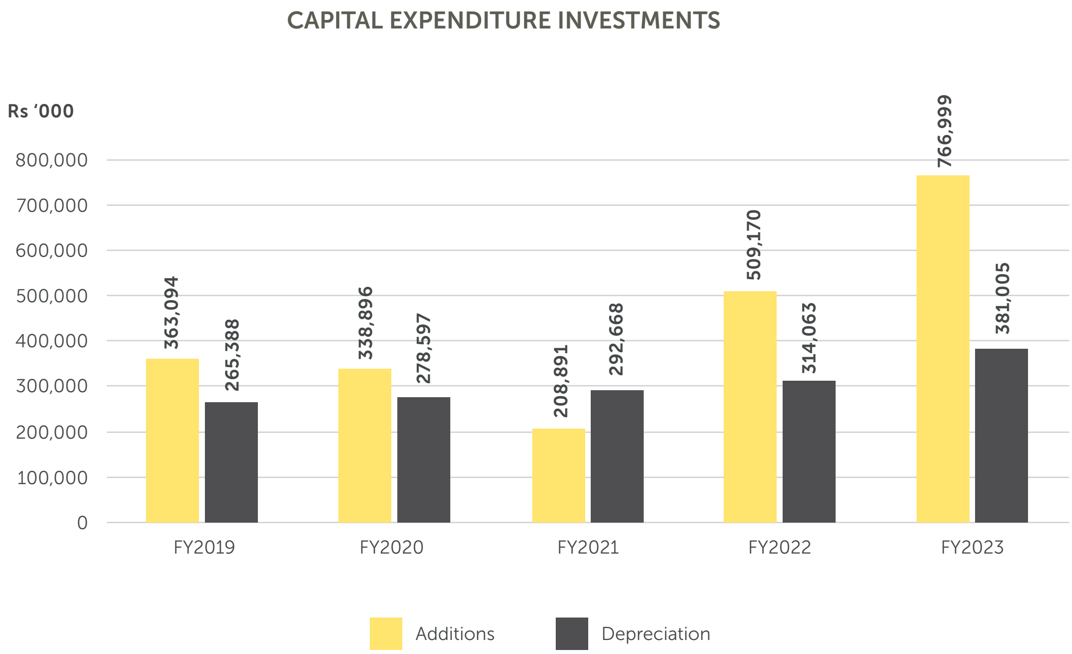
In terms of our Espace Maison retail activities segment, most of the capital expenditure budget was spent for rackings and displays in view of the extension of our shop in Tamarin, due to open before the end of the year. We also invested in wood cutting machines as part of the widening of our client services offering. Speaking of our agricultural segment, investments made this year related mainly to a new irrigation system and the extension of our sugar cane plantation surface area.

Our investment in intangible assets for the year included mainly the development of a new website, the integration of our ERP with our e-commerce platform, a planogram for our merchandising and a project management tool at Espace Maison, a new Capex management tool for the Group and further enhancements on our ERP at Gros Cailloux.

Besides the above, investments in assets in progress relate mainly to our acquisition of Espace Maison premises in Tamarin and the extension currently underway which is due to be completed before the end of 2023.

PERFORMANCE

Financial Capital



As shown in the above chart, our investment in capital expenditure outweighed our yearly depreciation charge over the past five years except for FY2021 where the Covid-19 impact forced us to defer our Capex spending. This year, the Capex investment is more than twice the depreciation charge. This clearly confirms the Group's commitment to enhance its production capacity, agility and efficiency through the use of latest technology plant and machinery and IT tools in view of meeting market demand, increasing our market share and improving our profitability going forward.

BORROWINGS, FINANCE COSTS AND GEARING

Further to the significant investments in capital expenditure and our equity investment in FAST (Flacq Associated Stonemasters Limited) amounting to Rs 244.8 million, our total borrowings, including lease liabilities, increased from Rs 1.8 billion in 2022 to Rs 2.3 billion at June 30, 2023. Our Long Term Secured Promissory Note (PN) of Rs 650 million, contracted in 2018, is due to mature in October 2023. Hence, it was reclassified as a current liability at June 30, 2023 resulting in a net current liability position. At time of writing, the Company has secured the refinancing of the PN and the rescheduling of existing long term loans together with the financing of the acquisition and extension project of Espace Maison Tamarin and some working capital needs. As a result of the above and following the successive increases in interest rates during the financial year under review, our finance costs increased from Rs 59.5 million for FY2022 to Rs 107.6 million for this financial year. However, given the increase in equity attributable to shareholders of the parent company, our debt-to-equity ratio increased only marginally from 0.53 in the previous financial year to 0.55 at June 30, 2023.

EQUITY AND TOTAL SHAREHOLDERS' RETURN

The **equity attributable to shareholders** increased by 22.5% (Rs 773.3 million) from Rs 3.44 billion in the previous financial year to Rs 4.21 billion this financial year, attributable to the profit for the year, a surplus of Rs 531.2 million, net of tax, arising from the revaluation of land and buildings within the Group and re-measurement gains of Rs 108.7 million, net of tax, on employee retirement benefit liabilities. No **dividend** was paid this financial year, while our **share price** dropped from Rs 139.00 at June 30, 2022 to Rs 100.00 at June 30, 2023. As a result, the **total shareholders' return** for the year moved from -1.89% for FY2022 to -28.06% this financial year while the return on equity increased from -1.96% to +3.17%.

CASH FLOW

Cash flows generated from operations increased significantly from Rs 135.3 million for FY2022 to Rs 672.0 million for the financial year under review, after adjusting for a favourable movement in working capital, unlike in the previous financial year. Other significant cash outflows comprised of the purchase of property, plant and equipment, the purchase of intangible assets, the acquisition of shares FAST and the repayment of loans.

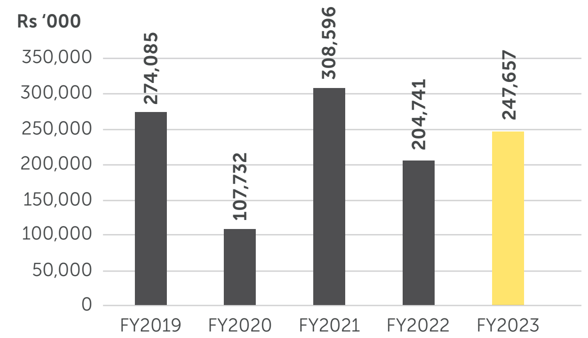
GOING FORWARD

Our Group local core business revenue for the first quarter of the current financial year is ahead of last year. This positive trend is expected to be maintained should the level of property development and infrastructure projects continue to grow.

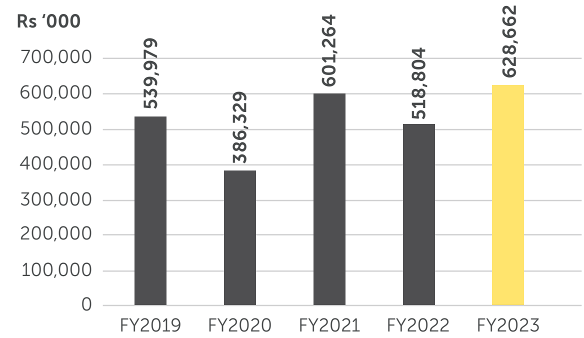
PERFORMANCE

Financial Capital

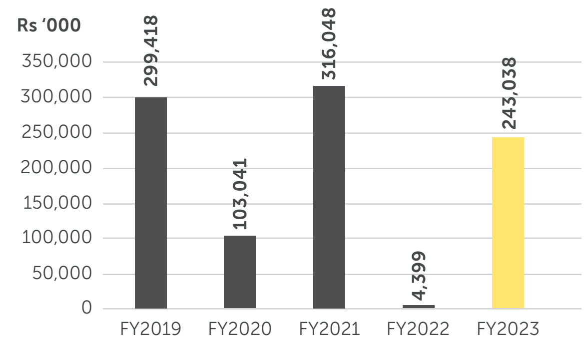
OPERATING PROFIT



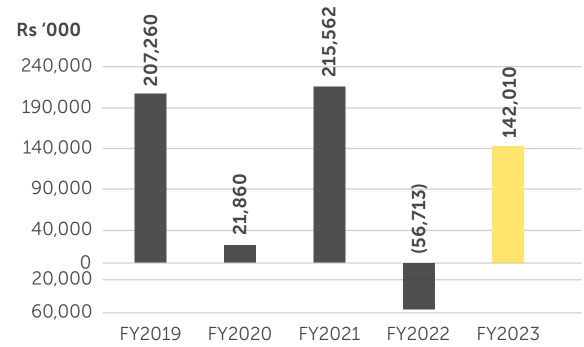
EDITDA



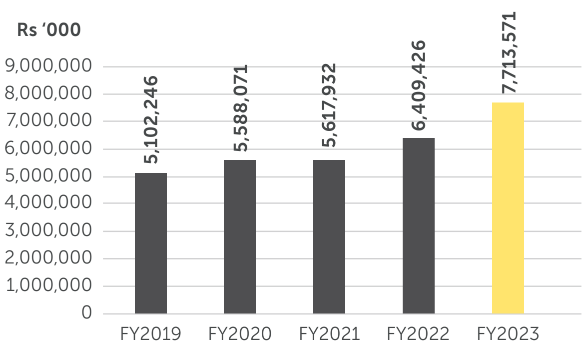
EBIT



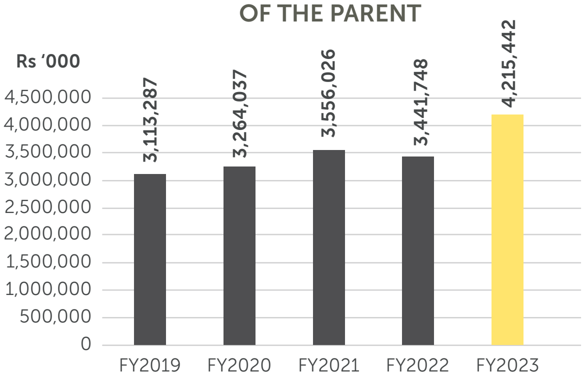
NET PROFIT / (LOSS)



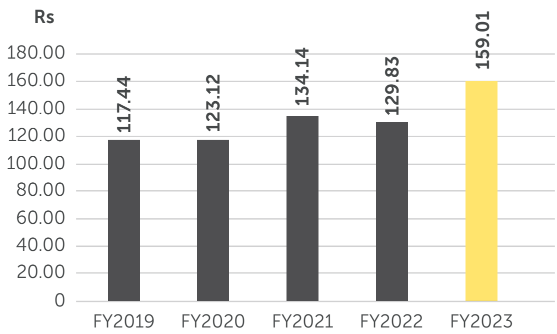
TOTAL ASSETS



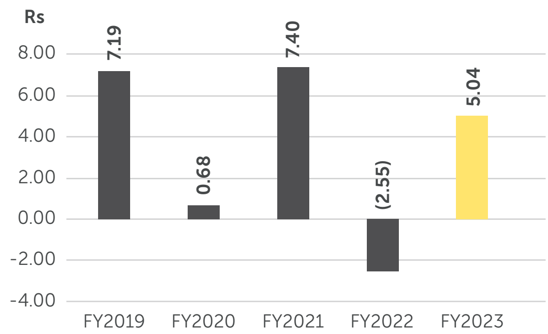
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT



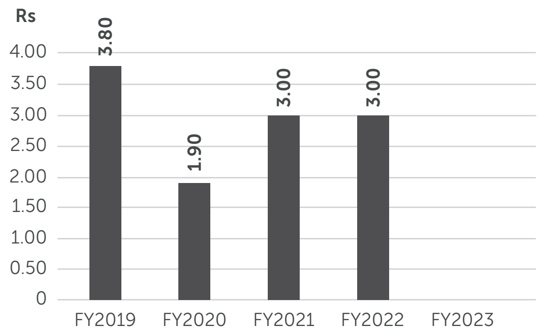
NET ASSETS VALUE PER SHARE



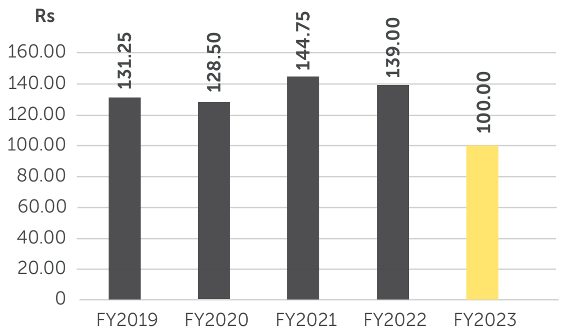
EARNINGS PER SHARE



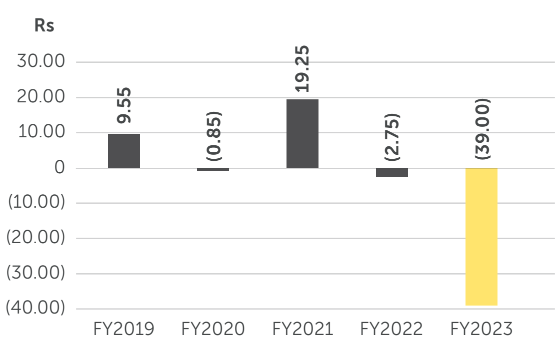
DIVIDEND PER SHARE



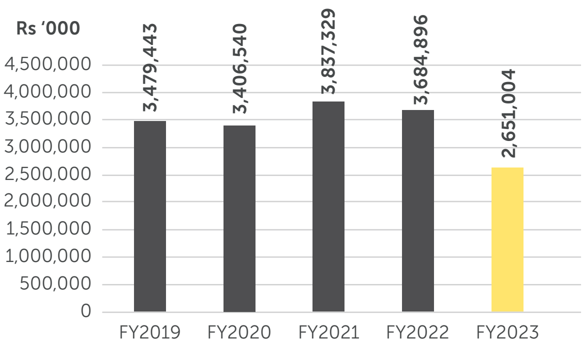
SHARE PRICE



TOTAL SHAREHOLDERS' RETURN PER SHARE



MARKET CAPITALISATION



CATALYSTS FOR EXCELLENCE

CORPORATE GOVERNANCE REPORT

Statement of compliance | Corporate governance report | Other statutory disclosures | Statement of Director's reponsabilities | Company Secretary's certificate

Trust and transparency are the catalysts for growth and innovation, fostering an environment where responsible leadership, ethical practices, and sound decision-making thrive, ensuring the resilience and integrity of our organisation.

CORPORATE GOVERNANCE

Statement of compliance

(as per Section 75(3) of the Financial Reporting Act 2004)

Name of Public Interest Entity ("PIE"): The United Basalt Products Limited

Reporting Period: Year ended June 30, 2023

We, the Board of Directors of The United Basalt Products Limited (the "Company"), confirm that to the best of our knowledge, the Company has complied with all of its obligations and requirements under the principles of The National Code of Corporate Governance for Mauritius (2016) ("the Code") in all material aspects.

On behalf of the Board

Jean-Claude Béga
Chairman

Stéphane Ulcoq
Group CEO

September 27, 2023

Corporate governance report

The United Basalt Products Limited (referred to as the "Company" or "UBP") was incorporated as a public company in July 1953. The shares of the Company have been listed on the Official Market of the Stock Exchange of Mauritius Ltd since 1989. The Company is qualified as a Public Interest Entity ("PIE") under the Financial Reporting Act 2004.

The Board of Directors acknowledges that the Code sets out best practices in terms of corporate governance, and recognises that the principles under the Code have been applied within the Group, as explained in the report.

GOVERNANCE AT A GLANCE

1. PHILOSOPHY

The Board is committed to entrenching the highest standard of governance in the Group's corporate culture to sustain its strategic orientation in view of building and enhancing stakeholder value. Being mindful of the evolving operating context, such practices are reviewed, as required, to ensure that the Group retains the flexibility to respond proactively to opportunities and challenges. The Group's corporate governance framework is illustrated below:

CORPORATE GOVERNANCE FRAMEWORK

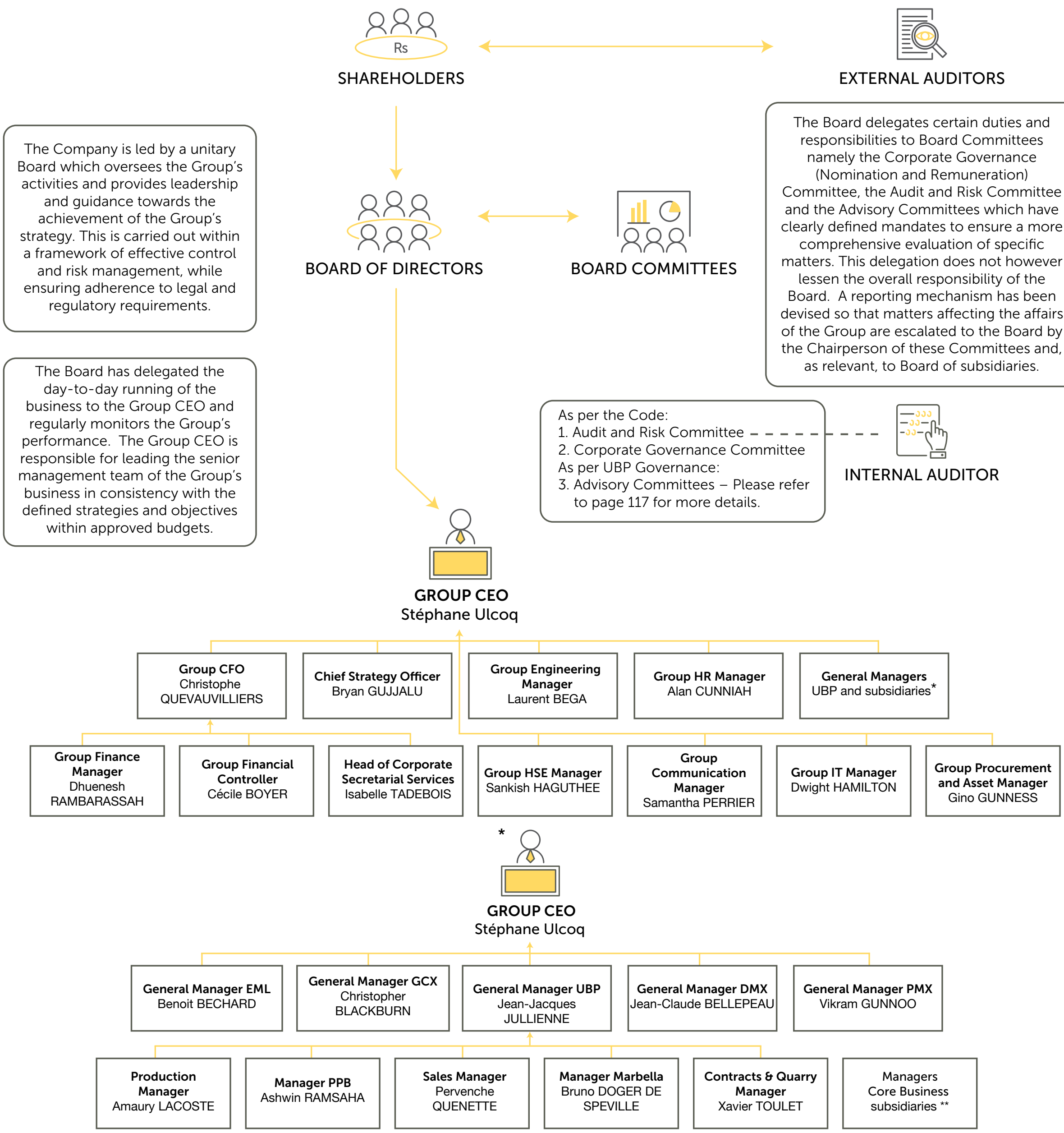
Setting the tone from the top is an important part of the Board's role and helps to foster a culture centred on those guiding principles. Beyond operationalising regulatory requirements, the Group is managed with utmost integrity, enhanced accountability, sound risk and performance management, transparency and effective leadership.

The Code of Ethics further governs the relationship with our stakeholders and sets out the professional and ethical behaviour expected and required from employees for both internal and external interactions. A yearly report is submitted to the Corporate Governance Committee for the monitoring and evaluation of compliance with its established ethical principles and standards.

Corporate governance report

2. GOVERNANCE STRUCTURE

The Group's governance structure, as further illustrated below, caters for the clear delegation of authority and lines of responsibility, while the role of stewardship is bestowed upon the Board.



EML: Espace Maison Ltée **GCX**: Compagnie de Gros Cailloux Limitée **DMX**: Drymix Ltd **PMX**: Premix Ltd

The Board is responsible of the group overall operations of the Company and to ensure that the key information and guidance documents are made available to all employees in view of promoting good governance.

Key Roles and Responsibilities

A Board Charter, a Directors' Charter, Position Statements and job descriptions, duly approved by the Board, clearly define the roles and responsibilities of the Board, the Chairman, Executive and Non-Executive Directors and the Company Secretary. The role and responsibilities of the Chairman leading the Board is distinct to those of the Group CEO, who manages the Group's business on a day-to-day basis.

The above-mentioned documents are available on the Company's website - www.ubp.mu.

Key Governance Positions

The Board promotes sound corporate governance practices to create and sustain value creation. The Chairman, the Group CEO, the Group CFO and the Company Secretary, who hold key governance positions, play an important role in ensuring that such practices permeate throughout the Group. Their key responsibilities are detailed hereunder and their respective profiles are detailed on pages 115 and 116 of this report.

Chairman

- Effectively leads the Board.
- Guides and monitors the functioning of the Board of Directors, to encourage active participation of Directors, to ensure a smooth and timely flow of information to shareholders and to ensure the accurate documentation of proceedings.
- Encourages a culture of openness, respect and trust and ensures constructive board discussions.

Group CEO

- Develops and proposes to the Board of Directors the Group's strategies for the sustainable creation of value for its stakeholders.
- Leads the executive management of the Group's business in consistency with the strategy and commercial objectives agreed with the Board.
- Builds key partnerships with stakeholders and acts as a point of contact for important shareholders.
- Builds and maintains an effective top management team capable of delivering the Group's strategy and commercial objectives and identifies, develops and recruits new talent to ensure effective succession to top management positions.
- Manages and controls all aspects of the Group's businesses, ensuring that the Group's operations are conducted within legal and regulatory requirements.
- Promotes a positive, constructive and ethical work climate.

Corporate governance report

2. GOVERNANCE STRUCTURE (CONTINUED)

Group CFO

- Provides financial leadership to the Group and aligns the Group's business and financial strategy.
- Supports the Group CEO in the implementation of the strategy.
- Responsible for financial planning and analysis.
- Responsible for reporting timely and accurate financial information.
- Participates in key decisions as a member of the executive management team to promote and enhance the Group's value.
- Manages key elements of the Group's risk profile.
- Manages investor relations.

Company Secretary

- Responsible for ensuring that Board procedures are followed and for providing guidance to Directors concerning their duties, responsibilities and powers.
- Administers, attends and prepares minutes of all Board and shareholders' meetings.
- Assists the Chairman in ensuring that Board procedures are followed and that the Company's Constitution and relevant rules and regulations are complied with, and in implementing and strengthening good governance and ethical practices and processes within the Group with a view to enhance long-term stakeholders' value.

Company's Constitution

In 2004, the shareholders adopted a new Constitution which complies with the provisions of The Companies Act 2001 and those of the Listing Rules of the Stock Exchange of Mauritius Ltd. There are no clauses of the Constitution deemed material for specific disclosure. A copy of the Constitution is available on the Company's website.

3. THE BOARD

Mandate

The Board provides effective leadership and direction to build and sustain long-term value creation for the Group and its stakeholders, while ensuring an outcome-focused compliance framework. The Board determines the pertinent matters relating to the strategy and operations of the Company and of its subsidiaries, both locally and abroad.

The general powers of the Board are conferred in the Company's Constitution and are in line with the Companies Act 2001.

Role and Responsibilities

A Board Charter, aiming to regulate how business is conducted by the Board, was endorsed by the Board in May 2018 and reviewed in 2022.

Responsibilities

The key responsibilities, as further detailed in the Charter, pertain to, inter alia:

GROUP STRATEGIES	RISK MANAGEMENT AND INTERNAL CONTROL	STATEMENT OF ACCOUNTABILITY	ACCOUNTING AND FINANCIAL MONITORING AND REPORTING	SIGNIFICANT CORPORATE ACTIVITIES	CORPORATE GOVERNANCE AND ETHICS

THE BOARD OF DIRECTORS

Principles & Methodologies

The Board exercises its powers and performs its duties through the following principles and methodologies, inter alia:

- the Chairperson of the Board shall be a Non-Executive Director;
- the existence of an appropriate balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board, with at least 25 per cent women on its Board;
- the creation of Board Committees;
- adherence to the Group's Code of Ethics and other governance policies, such as the Share Dealing Policy and the Conflict of Interest and Related Party Transactions Policy;
- the approval of the strategic orientation of the Group and the monitoring of management in respect of the implementation of the plans and strategies and compliance with set policies;
- the existence of clear lines of responsibility and accountability throughout the Group and compliance with the regulatory framework;
- the review of reports in respect of the Group's internal control systems;
- the approval of the Group's risk appetite and the monitoring of the risk management framework;
- the existence of a formal Directors' remuneration policy; and
- the provision of accurate information in a timely manner to stakeholders.

Corporate governance report

3. THE BOARD (CONTINUED)

Board Composition

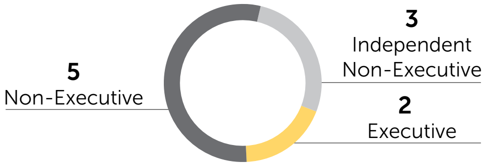
The Company's Constitution stipulates that the Board shall consist of a minimum of seven and a maximum of fifteen Directors.

The Board of the Company is of the opinion that based on its size and the specificities of its operations, it possesses the right balance of Executive, Non-Executive and Independent Non-Executive Directors and appropriate mix of skills and experience which ensures that the Board is collectively well equipped to guide and drive the Group's strategy in view of delivering value.

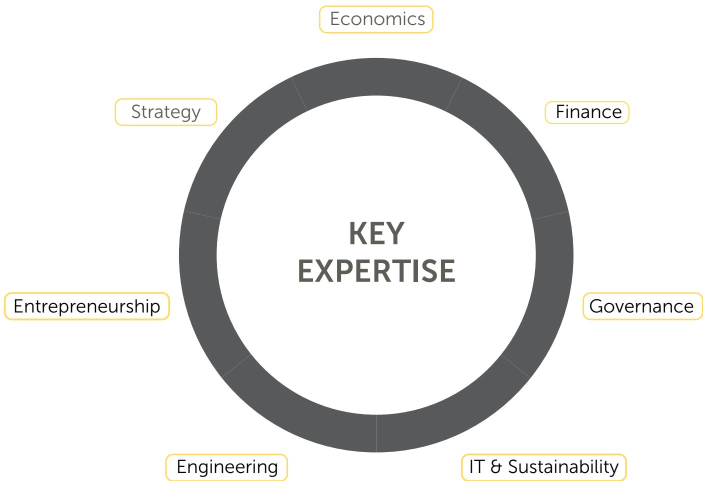
At the time of writing, the Company is headed by a committed and effective unitary Board of ten Directors from broad industry and professional backgrounds and with varied experience and expertise, all of which bring valuable perspectives to the Board.

OUR BOARD

Executive, Non-Executive and Independent Non-Executive Directors



30%
Female representation on our Board



The two Executive Directors are the Group CEO and the Group CFO.

The Independent Non-Executive Directors reinforce impartiality and objectivity on the Board, and enhance competencies, knowledge and experience which enrich Board discussions and contribute towards a high performing and effective Board.

In accordance with the Code, the Company considers an Independent Director as one who:

- is not a representative or member of the immediate family of a shareholder who has the ability to control or significantly influence the Board or management;
- has not been employed by the Company or the Group of which the Company currently forms part in any executive capacity for the preceding three financial years;
- is not a professional advisor to the Company or the Group of which the Company currently forms part other than in a Director capacity;
- is not a significant supplier to, debtor or creditor of, or customer of the Company or the Group of which the Company currently forms part, or does not have a significant influence in any group related company in any one of the above roles;
- has no significant contractual relationship with the Company or the Group of which the Company currently forms part; and
- is free from any business or other relationship which could be seen to materially impede the individual's capacity to act in an independent manner.

Profiles of Directors as at June 30, 2023

Jean-Claude Béga
Non-Executive Chairman
Resident in Mauritius

Mr Jean-Claude Béga was appointed as Director of the Company on April 20, 2022, and as Chairman of the Board on July 01, 2022. He is also a member of the Corporate Governance Committee of the Company and of the Advisory Committees of the Company and of Premix Ltd. Born in 1963, Mr Béga is a fellow member of the Association of Chartered Certified Accountants and retired from IBL Ltd on June 30, 2023 after 26 years of service. He is also the Chairman of Lux Island Resorts Ltd and BlueLife Limited, and serves as Director on a number of affiliates and subsidiaries of the above two companies and of UBP.

Jan Boullé
Non-Executive Director
Resident in Mauritius

Mr Jan Boullé was appointed as Non-Executive Director to the Board on November 07, 2018. Born in 1957, he qualified as an 'Ingénieur Statisticien Economiste' (France) and pursued post graduate studies in Economics at Université Laval, Canada. Mr Boullé has been the Non-Executive Chairman of IBL Ltd since July 01, 2016. Prior to this nomination, he worked for the Constance Group from 1984 to 2016 and occupied various executive positions and directorships. Mr Boullé is also a member of the Board of Directors of several major listed companies, namely BlueLife Limited, Lux Island Resorts Ltd, Phoenix Beverages Limited, Phoenix Investment Company Limited and other non-listed Mauritian companies.

Stéphane Brossard
Independent Non-Executive Director
Resident in Reunion Island

Mr Stéphane Brossard was appointed as Independent Non-Executive Director to the Board on May 12, 2021. Born in 1971 in France, Mr Brossard, holds a 'Diplôme d'Ingénieur' from 'École Centrale De Nantes'. He was also appointed as member of the Board of Directors of 'Fédération Réunionnaise du Bâtiment et des Travaux Publics' (FRBTP) in 2005 and Chairman in 2011 and 2012. Mr Brossard has been CEO of CMOI, EIFFAGE TP REUNION and Wealth Director of CBO TERRITORIA and is currently the Chairman of ARGOS INDUSTRIE, a company operating in the construction sector in Reunion Island. On August 11, 2022, Mr Brossard was appointed on the Board of Directors of 'Conseil d'Architecture d'Urbanisme et de l'Environnement' (CAUE), a French departmental body created by the 1977 law and architecture to promote architectural, urban, landscape and environmental quality.

Catherine Gris
Independent Non-Executive Director
Resident in Mauritius

Mrs Catherine Gris was appointed as Independent Non-Executive Director to the Board on October 01, 2018. Born in 1958, Mrs Gris holds a 'Diplôme en Sciences Politiques' from the 'Institut d'Études Politiques' of Paris, France. She has proven experience in strategic economic development and project development. Mrs Gris was the CEO of the Association of Mauritian Manufacturer (AMM) from October 2009 to June 2018 and is currently coach animator of the 'Association Progrès du Management'. She is also an independent member of the Board of Directors of Trimetys Ltd and Cap Tamarin Ltée. She also serves as Special Adviser to AMM and was appointed as Board member of the Economic Development Board (EDB) in March 2020.

Stéphane Lagesse
Non-Executive Director
Resident in Mauritius

Mr Stéphane Lagesse was appointed Director of the Company on November 11, 2011. Born in 1959, Mr Lagesse holds a degree in 'Gestion des Entreprises' from the University of Paris IX Dauphine. He participated in the setting up of two garment manufacturing companies in Mauritius and is the Alternate Director of Mr Thierry Lagesse on the Board of IBL Ltd.

Thierry Lagesse
Non-Executive Director
Resident in Mauritius

Mr Thierry Lagesse was appointed Director of the Company on December 20, 1989, and subsequently Chairman of the Board in December 2002 until August 2013. Born in 1953, Mr Lagesse holds a 'Maîtrise des Sciences de Gestion' from the University of Paris Dauphine. He was the Founder of the Palmar Group, a textile and garment-oriented manufacturing company and a visionary entrepreneur, having launched Parabole Reunion Group of Companies in 1999, a Direct To Home satellite television company in the Indian Ocean Islands. He is also the Executive Chairman of Parabole Group and presently serves as a Director on several well-known companies listed on the Stock Exchange of Mauritius namely: Alteo Limited, IBL Ltd, Lux Island Resorts Ltd, Phoenix Beverages Limited and Phoenix Investment Company Limited.

Corporate governance report

3. THE BOARD (CONTINUED)

Profiles of Directors as at June 30, 2023 (Continued)

Christine Marot
Non-Executive Director
Resident in Mauritius

Mrs Christine Marot was appointed Director of the Company on July 16, 2020. Born in 1969, Mrs Marot is an Accountant by profession and followed an Executive Management Programme from ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales) Business School. She started her career with De Chazal du Mée & Co (now known as BDO) and was the Finance Executive of GML Management Ltée where she was involved at a senior level in businesses across the IBL Group, formerly known as the GML Group. She was also appointed as Acting CEO of BlueLife Limited in November 2014 and Chief Executive Officer in May 2015. Since July 2020, Mrs Marot is the Group Head of Technology and Sustainability of IBL Ltd. She is also responsible of the Life & Technologies clusters of IBL Ltd as well as the 'Fondation Joseph Lagesse'.

Christophe Quevauvilliers
Group CFO, Executive Director and Company Secretary
Resident in Mauritius

Mr Christophe Quevauvilliers, born in 1968, is a Fellow member of the Association of Chartered Certified Accountants. He joined the Group as Finance Manager and Company Secretary in May 2002 after having spent ten years in public practice at De Chazal Du Mée & Co (now known as BDO) and four years in the industrial sector. In 2013-2014, he completed a General Management Program delivered by the ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales) Business School. In September 2015, Mr Quevauvilliers resigned as Company Secretary and was appointed as Executive Director to the Board, effective as from October 01, 2015. He also sits on the Board of several companies within the Group. Since the resignation of Mrs Bhooneshi Nemchand on March 31, 2023, Mr Quevauvilliers has been appointed Company Secretary.

Kalindee Ramdhonee
Independent Non-Executive Director
Resident in Mauritius

Mrs Kalindee Ramdhonee was appointed as Independent Non-Executive Director to the Board and Chairperson of the Audit Committee on November 07, 2018. Mrs Ramdhonee was also a member of the Risk Monitoring Committee which later merged with the Audit Committee. Consequently, Mrs Ramdhonee became the Chairperson of the combined Audit and Risk Committee. Born in 1963, fellow member of the Association of Chartered Certified Accountants, Mrs Ramdhonee is a highly accomplished finance professional with over 20 years of experience in finance and operations management within world class local and international business environments in sectors such as Technologies, Telecommunications, Mining, Construction, Financial and Property Development. Mrs Ramdhonee has proven competences in accounting and finance extending to IT, HR, business development and general management functions. She has occupied senior management positions for decades and largely contributed to establishing and grooming business excellence within local groups such as Harel Mallac, Currimjee Jeewanjee, as well as international groups, namely African Alliance and BIA Group from Belgium and its African entities. Mrs Ramdhonee is currently the Managing Director of Karics Partners Ltd engaged in advisory and BPO activities.

Stéphane Ulcoq
Group CEO and Executive Director
Resident in Mauritius

Mr Stéphane Ulcoq, born in 1977, holds a 'Diplôme d'Ingénieur en Mécanique' from the 'Institut National des Sciences Appliquées' (INSA) of Rouen, France and an 'MBA International Paris' from the 'Paris Dauphine and La Sorbonne Universities'. He also holds a Certificate in Global Management awarded by INSEAD after having completed three Executive Education Programs at INSEAD Fontainebleau, France and INSEAD Singapore in 2011 and 2012. Mr Ulcoq joined the Company as Assistant Works Manager in 2000 and was promoted to Workshop Manager in 2007. In January 2012, Mr Ulcoq was promoted to the post of Production Manager where he was in charge of all production units, both in Mauritius and overseas. In addition to his responsibilities as Production Manager, Mr Ulcoq was appointed Deputy CEO by the Board of Directors in December 2012. He then gradually handed over his duties as Production Manager and was appointed CEO of the Company in January 2015, and eventually Group CEO with effect from July 2015.

Company Secretary

Since the resignation of Mrs Bhooneshi Nemchand on March 31, 2023, Mr Christophe Quevauvilliers served as the Company Secretary.

Directors' Directorships

The directorships of the Directors of the Company in listed companies as at June 30, 2023 are as detailed hereunder:

NAME OF DIRECTORS	LISTED COMPANIES
Mr Jean-Claude Bega	The United Basalt Products Limited
	Bluelife Limited
	Lux Island Resorts Ltd
Mr Jan Boullé	The United Basalt Products Limited
	Bluelife Limited
	IBL Ltd
	Lux Island Resorts Ltd
	Phoenix Beverages Limited
	Phoenix Investment Company Limited
Mr Stéphane Brossard	The United Basalt Products Limited
Mrs Catherine Gris	The United Basalt Products Limited
Mr Stéphane Lagesse	The United Basalt Products Limited
	IBL Ltd[1]
Mr Thierry Lagesse	The United Basalt Products Limited
	Alteo Limited
	IBL Ltd
	Lux Island Resorts Ltd
	Phoenix Beverages Limited
	Phoenix Investment Company Limited
Mrs Christine Marot	The United Basalt Products Limited
	Phoenix Beverages Limited
	Phoenix Investment Company Limited
Mrs Kalindee Ramdhonee	The United Basalt Products Limited
	Bmh Ltd
	Terra Mauricia Ltd
Mr Christophe Quevauvilliers	The United Basalt Products Limited
Mr Stéphane Ulcoq	The United Basalt Products Limited

[1] - Mr Stéphane Lagesse is the alternate director of Mr Thierry Lagesse on IBL Ltd.
The complete list of Directorship of the Directors is available upon request to the Company Secretary.

Corporate governance report

3. THE BOARD (CONTINUED)

Board Meetings

The Board determines the frequency of Board meetings, which are held at least on a quarterly basis to ensure that key matters are dealt with timeously. Meetings are scheduled up to one year in advance so that Directors are able to attend and participate in person. The Board promotes open and rigorous discussions, constructive debates and active participation during meetings. Special ad hoc meetings may also be called from time to time as required.

The Chairman and the Group CEO, assisted by the Company Secretary, are responsible for fixing the agenda and date for each Board meeting.

The Chairman and the Company Secretary ensure that the Directors receive the right information in a timely manner to enable them to make informed business decisions.

The attendance record of Board meetings for the year under review is as shown on page 122.

Focus Areas

The Board met six times this year to examine, consider, discuss or approve, inter alia, the focus areas detailed hereunder. The Board has also approved some decisions by way of written resolutions.

STRATEGY AND PERFORMANCE	GOVERNANCE	RISK MANAGEMENT AND INTERNAL CONTROL	FINANCIAL	OTHER AGENDA ITEMS
• The activity reports of the Group CEO, including the performance of subsidiaries and associates; • An increase of our shareholding in Flacq Associated Stonemasters Limited; • The operational strategy, performance of and way forward of our overseas subsidiaries; • A substantial investment in a group of companies in Reunion Island; • The financing of expansion projects of subsidiaries; • The revaluation of the land and buildings of the Group; and • A plan for the reduction of operational costs.	• Reports from the Chairperson of the Corporate Governance Committee; • The approval of an updated version of the Board Charter; • The replacement of a Non-Executive Director; • A review of the IT Governance framework; • The approval of a new structure of governance and a review of the composition of the Boards of wholly owned subsidiaries; • The approval of terms of reference of Advisory Committees set up as part of the new governance structure; • The review of the compliance audit report for companies of the Group; • The merger of the Audit Committee with the Risk Monitoring Committee; • The resignation and appointment of the Company Secretary; • The review of the constitution of subsidiaries; • The initiation of the process for a Knowledge and Experience matrix; and • The initiation process for a Board Evaluation exercise	• Reports from the Chairperson of the Audit and Risk Committee; • An update on the Group's risk monitoring exercise; • A review of the adequacy of the Group's insurance covers; • The approval of a Data Protection Management Programme (DPMP); and • An update on the reports issued by the internal auditors, Messrs BDO & Co.	• Reports from the Chairperson of the Audit and Risk Committee; • The Group's financial performance against the budget; • The Audited Group Financial Statements, the Audited Abridged Group Financial Statements and the Annual Report for year ended June 30, 2022; • The quarterly Unaudited Abridged Group Interim Financial Statements; and • An update on the proposed investment in a group of companies in Reunion Island.	• The Annual Meeting of Shareholders; and • The approval of communiqués in accordance with prevailing laws, rules and regulations.

Board Committees

The Board delegates certain duties to the Board Committees, namely the Corporate Governance (Nomination and Remuneration) Committee, the Audit and Risk Committee, and the Advisory Committees, tasked with providing a more comprehensive evaluation of specific matters.

The Audit and Risk Committee was formed in February 2023 by the merger of the Audit Committee and the Risk Monitoring Committee. Consequently, a new Audit and Risk Committee Charter has been put in place.

The Charters of the Corporate Governance Committee and the Audit and Risk Committee, which set out, inter alia, their mandate, composition and meeting requirements are available on the Company's website - www.ubp.mu.

CORPORATE GOVERNANCE COMMITTEE

MANDATE

The Corporate Governance Committee advises the Board of Directors on all aspects of corporate governance and ensures that the principles of the Code are applied.

The Corporate Governance Committee is also responsible for Nomination and Remuneration aspects of the Code. Its functions are as follows:

- In its role as Nomination Committee, it reviews the structure, size and composition of the Board, ensures the right balance of independence, skills and expertise on the Board, assesses and evaluates the role and independence of each current and potential, Director and makes recommendations to the Board for the election and re-election of Directors and for matters relevant to succession planning.
- In its role as Remuneration Committee, its terms of reference include inter alia, the development of the Group's general policy on executive and senior management remuneration, including the definition of performance measurement criteria and specific remuneration packages for Executive Directors and senior management, and the making of recommendations to the Board on all aspects of remuneration.

The Corporate Governance Committee Charter has been reviewed and approved by the Board in FY2021. The Committee confirms that it has assumed its responsibilities in accordance with its terms of reference for the year under review.

COMPOSITION

As per its Charter, the Committee shall consist of at least three members, with a majority of Non-Executive Directors:
The Committee is currently constituted as follows:

3
Minimum members

Catherine Gris	**Chairperson**
Jean-Claude Béga	**Member**
Jan Boullé	**Member**

The Chairperson is an Independent Non-Executive Director while the other members are Non-Executive Directors. On February 03, 2023, Mr Jan Boullé was appointed as member of the Committee in replacement of Mr Thierry Lagesse.

DISCUSSIONS

The Committee met four times during FY2023 to, inter alia:

- determine, discuss and approve the remuneration of the employees;
- receive the compliance report pertaining to the Code of Ethics of the Company;
- recommend for approval the replacement of one of the Corporate Governance Committee members by a Non-Executive Director;
- consider the implementation of a Performance Management System (PMS);
- consider the reviewed Board Charter;
- consider and recommend for approval the amended governance structure of the Group and its functioning;
- consider the terms of reference of the Advisory Committees;
- review and approve the Board Evaluation Questionnaire;
- review and approve the Knowledge and Experience Matrix Questionnaire;
- consider the succession planning following the resignation of two Directors;
- consider the replacement of a representative on the Board of a subsidiary;
- review and recommend the constitution of a subsidiary of the Company.

ATTENDANCE

The attendance record of Committee meetings for the year under review is as shown on page 122. A quorum of two members is currently required for a Corporate Governance Committee meeting. The two Executive Directors are in attendance at almost all meetings of the Committee.

REMUNERATION

The remuneration of the Chairperson and of each member of the Committee for the year ended June 30, 2023 amounted to Rs 145,000 (2022: Rs 145,000) and Rs 85,000 (2022: Rs 85,000) respectively

Corporate governance report

3. THE BOARD (CONTINUED)

Board Committees (Continued)

AUDIT AND RISK COMMITTEE

MANDATE

The Committee ensures the integrity of accounting and financial reporting and reviews internal control systems and procedures in order to assist the Board of Directors in carrying out its responsibilities. The Committee also monitors the role and scope of work of internal and external auditors and ensures compliance with legal and regulatory provisions.

The Committee confirms that it has assumed its responsibilities in accordance with its terms of reference for the year under review.

On February 02, 2023, the Audit Committee and the Risk Monitoring Committee merged to form the Audit and Risk Committee. The Charters of both committees have been merged accordingly.

COMPOSITION

As per its Charter, the Committee shall consist of a minimum of three Non-Executive Directors, the majority of whom shall be independent. The Committee is constituted as follows:

3 Minimum members

Kalindee Ramdhonee	**Chairperson**
Stéphane Brossard	**Member**
Christine Marot	**Member**

The Chairperson of the Committee and Mr Stéphane Brossard are Independent Non-Executive Directors.
Mrs Christine Marot is a Non-Executive Director.

The Board is of the opinion that the current members of the Committee are able to exercise independent judgement in discharging their responsibilities given their financial management knowledge and experience.

DISCUSSIONS

The Committee met seven times during FY2023 to, inter alia:

- review and recommend to the Board of Directors for approval the audited group financial statements, the Annual Report and the audited abridged group financial statements for the year ended June 30, 2022;
- review and recommend to the Board of Directors for approval and publication the quarterly unaudited abridged group interim financial statements;
- discuss the Group's IT Governance Framework;
- consider the progress report further to the compliance audit of the Company and its subsidiaries;
- review the external audit Management Letters 2022 from Messrs Deloitte;
- discuss the follow up actions further to the report of the auditors on the IT General Controls;
- consider the Date Protection Management Programme (DPMP) of certain of the Group's susbsidiaries;
- receive the report of the Internal Auditor; and
- approve the merger of the Audit and Risk Monitoring Committees.

In so doing, the Committee reviewed internal control systems and procedures in place in all the subsidiary companies within the Group.

ATTENDANCE

The attendance record of Committee meetings for the year under review is as shown on page 122. A quorum of two members is currently required for an Audit and Risk Committee meeting. The Group CFO is in attendance at all meetings of the Committee whilst the Group CEO, the internal and external auditors and some members of the management attend the meetings on invitation depending on the agenda.

REMUNERATION

The remuneration of the Chairperson and of each member of the Committee for the year ended June 30, 2023, amounted to Rs 212,500 (2022: Rs 175,000 as Chairperson of the Audit Committee only) and Rs 135,000 (2022: Rs 120,000 as member of the Audit Committee only) respectively.

Ad hoc IT Steering Committee

During FY2022, an IT Steering Committee was constituted as a sub-committee of the Audit Committee (now the Audit and Risk Committee) to discuss the current IT governance framework within the Group and the necessary measures required to strengthen the said framework.

Advisory Committees

During the year under review, a new governance structure was set up to enable more effective decision making within the Group and align the strategy of the Company with those of the Wholly Owned Subsidiaries (WOS) of the Group, including the Company itself, by setting up Advisory Committees for each of the WOS.

The Advisory Committees have been tasked with addressing strategic and significant operational issues related to each company and offering guidance to both the management and the Board of Directors. The terms of reference of the committees were formally approved in December 2022. The key responsibilities include, but are not limited to:

- Examine, discuss, and review the company's business plans and strategies as proposed by its General Manager and monitor their implementation, while taking into consideration relevant financial and non-financial key performance indicators;
- Discuss and provide insight on any key operational matters pertaining to the company; and
- Evaluate the company's proposed investments, acquisitions and dis-investments.

The Advisory Committees are required to report to the Board of Directors of the Company as necessary. The composition of the committees consists of the Group CEO, the Group CFO, the Group Chief Strategy Officer (Group CSO), the General Manager of the relevant Wholly Owned Subsidiary as well as two to four Non-Executive Directors of UBP (including the Chairman) and/or any other professional advisors. The Group CEO serves as the Chairperson of the Advisory Committees. Presently, the composition of the Advisory Committees is as follows:

MEMBERS OF THE ADVISORY COMMITTEES				
	THE UNITED BASALT PRODUCTS LIMITED	ESPACE MAISON LTÉE	PREMIX LTD	COMPAGNIE DE GROS CAILLOUX LIMITEE
Group CEO	Stéphane Ulcoq	Stéphane Ulcoq	Stéphane Ulcoq	Stéphane Ulcoq
Group CFO	Christophe Quevauvilliers	Christophe Quevauvilliers	Christophe Quevauvilliers	Christophe Quevauvilliers
Group CSO	Bryan Gujjalu	Bryan Gujjalu	Bryan Gujjalu	Bryan Gujjalu
GM of subsidiary	Jean-Jacques Jullienne	Benoit Béchard	Vikram Gunnoo	Christopher Blackburn
Other members	Jean-Claude Béga		Jean-Claude Béga	
	Jan Boullé			Jan Boullé
	Stéphane Lagesse	Stéphane Lagesse		
		Catherine Gris		Catherine Gris
		Christine Marot		Christine Marot
		Kalindee Ramdhonee		
			Stéphane Brossard	
External expert			Dimitri Losfelt	
Number of meetings held during the year under review	2	1	1	2

Corporate governance report

3. THE BOARD (CONTINUED)

Meetings Attendance

The meetings attendance for the year ended June 30, 2023, was as follows:

Directors	Board	Corporate Governance Committee	Audit Committee / Audit and Risk Committee[3]	Risk Monitoring Committee[3]	Advisory Committees	Annual Meeting of Shareholders
Jean-Claude Béga	6 out of 6	4 out of 4			3 out of 3	1 out of 1
François Boullé[1]	3 out of 3			1 out of 1		1 out of 1
Jan Boullé[2]	5 out of 6	2 out of 2			4 out of 4	1 out of 1
Stéphane Brossard	6 out of 6		7 out of 7		1 out of 1	1 out of 1
Catherine Gris	6 out of 6	4 out of 4			3 out of 3	1 out of 1
Christine Marot	5 out of 6		7 out of 7		3 out of 3	0 out of 1
Stéphane Lagesse	5 out of 6				3 out of 3	1 out of 1
Thierry Lagesse[2]	3 out of 6	1 out of 2				0 out of 1
Christophe Quevauvilliers	6 out of 6			1 out of 1	6 out of 6	1 out of 1
Kalindee Ramdhonee	6 out of 6		7 out of 7	1 out of 1	1 out of 1	1 out of 1
Stéphane Ulcoq	6 out of 6			1 out of 1	6 out of 6	1 out of 1

1 *Mr François Boullé resigned as Director of the Company and as Chairman of the Risk Monitoring Committee on December 31, 2022.*
2 *Mr Thierry Lagesse was replaced by Mr Jan Boullé as member of the Corporate Governance Committee on February 03, 2023.*
3 *The Risk Monitoring Committee met once during the year under review. On February 02, 2023, it was decided to merge the Audit Committee with the Risk Monitoring Committee to form the Audit and Risk Committee.*

4. DIRECTOR APPOINTMENT PROCEDURES

Selection, Appointment and Re-election

The Board, through the Corporate Governance Committee and its role as a Nomination Committee (NC), follows a rigorous, formal and transparent procedure to select and appoint new Directors.

1

Identification of needs, profiling & selection

Identification of needs, profiling and selection of Director(s) by the NC, by having regards to inter alia, the knowledge required to fill a gap on the Board, the skills required to add value and the extent to which the individual may meaningfully contribute to the affairs of the Board.

The Board favours diversity, including gender, to be in line with sound principles of corporate governance.

2

Recommendation

The NC recommends the nomination of the Director(s) to the Board.

3

Appointment

In accordance with the Company's Constitution, the Board has the power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, such that the total number of Directors at any time does not exceed the number fixed by the Constitution

4

Re-Election

A Director so appointed shall hold office only until the next following Annual Meeting of shareholders and shall then be eligible for re-election.

During the year under review, the NC discussed the replacement of two Directors. The process is still ongoing.

The Company's Constitution does not provide for the rotation of Directors. Although being of the opinion that the holding of office by Directors relies on their knowledge and experience of the Group's activities to ensure that they exercise the appropriate degree of leadership, skill and judgement required to achieve a sustainable performance over the years, the Corporate Governance Committee has decided to include the re-election of all Directors at the agenda of the Annual Meeting of shareholders of the Company. The Board also continuously encourages its members to acquire new skills.

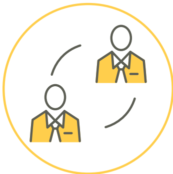
During the year under review, a comprehensive Knowledge and Experience matrix was circulated to the members of the Board of Directors with the aim to identify any lacking skills or expertise on the Board.

Corporate governance report

Board Induction

The Chairman, with the assistance of the Company Secretary, devises a formal and tailored induction programme for new Directors to enable them to develop a sound understanding of the Company and of the Group to effectively contribute to strategic discussions. They are also made aware of their fiduciary duties and responsibilities. The induction programme comprises, inter alia:


Key information and documents


One to one briefings with the Chairman and the Group CEO


Briefings with Senior Managers


Site visits

Professional Development and Training

Directors are encouraged to keep themselves abreast of the latest workplace trends and professional practices. During the year under review, some of the Directors attended a training on "how to transform your business strategy to a sustainable strategy" in view of strengthening their professional development.

Time Commitments

The Directors are expected to devote time and meaningfully contribute to the affairs of the Board and to ensure that their other responsibilities do not impinge on those as Director of the Company.

The Board of the Company does not believe that its members should be prohibited from serving on the Board of other organisations unless the number of directorships limits the amount of time they are able to dedicate to being a Director of the Company.

The Executive Directors are, however, not authorised to hold more than two directorships in listed companies outside the Group, including overseas companies. The Board of the Company must give its approval prior to an Executive Director accepting a seat on the Board of any company outside the Group.

Succession Plan

Upon the recommendation of the Corporate Governance Committee, the Board has endorsed a Succession Planning Policy for Directors in order to ensure a proper diversity and an appropriate balance of knowledge, skills and experience on the Board.

5. DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

Directors' Duties and Responsibilities

All Directors, whether Executive, Non-Executive or Independent Non-Executive, are bound by fiduciary duties. They have both a legal and moral duty to act independently, in good faith, with due care and skill, and without fetter or instruction. The Directors' Charter duly endorsed by the Board enables the Directors to better perform their duties and ensure that their contribution is fully effective and meets the standards expected from them in terms of independence, ethics and integrity.

Non-Executive and Independent Non-Executive Directors are individuals of calibre and credibility and have the necessary skills and experience to constructively analyse, independently of management, issues of strategy, performance evaluation, resources, equal opportunities and standards of conduct. They play a particularly vital role in providing independent judgement in all circumstances.

Executive Directors on the other hand, exercise their management responsibilities and their fiduciary duties in the best interests of the Company.

Once appointed on the Board, Directors receive the key documents pertaining to their duties and responsibilities. Furthermore, charters, position statements and job descriptions have been devised so that there is a clear division of responsibilities.

Role of the Chairman and of the Group Chief Executive Officer (CEO)

The Company's leadership model caters for an appropriate balance of power. The roles of the Chairman and of the Group CEO are distinct. They share a positive and constructive working relationship. The key responsibilities of the Chairman and of the Group CEO are detailed on page 111. More information on their respective roles is available on the Company's website - www.ubp.mu.

Access to Information

Directors are provided with concise, adequate and timely information to enable them to make informed decisions and to effectively discharge their duties and responsibilities.

Professional Advice

The Directors perform their duties and exercise their powers to the extent permitted by law. They have the right to seek independent professional advice at the expense of the Company to enable them to discharge their responsibilities effectively.

Directors' and Senior Officers' Insurance and Indemnification

The Directors and the Company Secretary benefit from an indemnity insurance cover for liabilities incurred while performing their duties, to the extent permitted by law.

Share Dealing and Interests Register

The Share Dealing Policy of the Company sets out the Group's policy in respect of dealings in the shares of the Company by Directors, designated employees and their associates, thereby providing clear guidance on the practice to be followed to avoid any misuse of price-sensitive information.

The Directors of the Company use their best endeavours to abide by the principles set out in the Share Dealing Policy of the Company and in the Model Code on Securities Transactions by Directors as stipulated in Appendix 6 of the Listing Rules of the Stock Exchange of Mauritius Ltd. The Company Secretary maintains a Register of Interests which is available for consultation by shareholders upon written request.

Corporate governance report

5. DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Conflict of Interest and Related Party Transactions

A Conflict of Interest and Related Party Transactions Policy has been endorsed by the Board to provide the framework for Directors and designated employees of the Company and its subsidiaries to effectively identify, evaluate, disclose and manage potential, actual or perceived conflicts of interest, as well as related party transactions which may arise in relation to the activities of the Group. While the Board is ultimately responsible for developing appropriate policies on conflicts of interest and related party transactions, exercising this responsibility via the Corporate Governance Committee, the Audit and Risk Committee is responsible for addressing questions pertaining to conflicts of interest and related party transactions, and thereafter reports to the Board on such matters.

Directors are expected to discharge their duties and responsibilities objectively and in the best interest of the Company. They should avoid conflicts of interest or situations which might be reasonably perceived as such. Any Director who is directly or indirectly interested in a transaction or proposed transaction is required to disclose the nature of his/her interest, and he/she should not participate in the debate or vote on the matter.

Related party transactions of the Group are conducted in line with the internal policy. Please refer to note 30 of the Notes to the Financial Statements on pages 234 to 236 for details of related party transactions.

Information Governance

The responsibility for information governance with the Company is bestowed upon the Board.

With the accelerated global digital transformation, the Group is committed to adapting and strengthening the IT governance structure to safeguard the confidentiality, integrity, availability and protection of information. The Board ensures that prudent and reasonable steps are taken to ensure that IT governance forms an integral part of the overall corporate governance of the Group and is managed according to set policies. To fulfil this obligation, the Board is supported by the Audit and Risk Committee for reviewing information technology risks and actions taken to mitigate them. Since global digital transformation is spurring on, the Group identified information security as one of the key issues to reinforce its IT governance structure. An ad hoc IT Steering Committee was also set up during the previous year to consider and strengthen the IT governance framework of the Group.

The management of information technology and the implementation of information security are delegated to the IT function. Management is responsible for implementing the policies, procedures and practices to protect the Group's information, in line with regulatory and industry norms. The Group ensures that access to information is only available to authorised parties while having physical and logical access controls in place. While the Audit and Risk Committee evaluates the effectiveness of related internal control systems, the infrastructure provides for independent assurance via the internal audit function, which acts as an additional line of defence to assess the suitability of the security policies, standards and related procedures within the Group's entities.

The significant expenditure budgets pertaining to IT for each of the Group's entities are discussed and approved on an annual basis by the respective Boards of Directors.

Management is responsible for implementing the policies, procedures and practices to protect the Group's information in line with regulatory and industry norms.

A description of the Group's IT policies is available on the Company's website - www.ubp.mu.

The Board of Directors and the management of the Company are also committed to complying with all relevant laws in respect of personal data, including the General Data Protection Regulation (GDPR) and the Data Protection Act 2017 (DPA) for the protection of the rights and freedoms of individuals whose information is collected and processed in the course of its activities. A Data Protection Management Programme (DPMP) has been devised to this end.

Remuneration Policy

The Corporate Governance Committee, in its role as Remuneration Committee, is responsible for making recommendations to the Board with regard to the definition and development of the Group's general remuneration policy, including determining performance measurement criteria and specific remuneration packages for Executive Directors and senior management and the level of remuneration of Non-Executive Directors.

Furthermore, the Group lays significant emphasis on appointing the right people with the right experience and expertise, whilst rewarding them adequately to ensure engagement and commitment to long-term value creation. In the same vein, the Group Remuneration Policy, endorsed by the Board, sets out rules to ensure equity, transparency and consistency run across the breadth of the Group's remuneration practices.

Please refer to Other Statutory Disclosures on page 138 for a table of total emoluments and benefits received by Directors from the Company and subsidiary companies for the year ended June 30, 2023. Non-Executive Directors received a fixed annual directorship fee only and no remuneration in the form of share options or bonuses associated with the organisation's performance. The current remuneration package of the Group CEO comprises a basic salary, an annual performance bonus and other benefits in kind. The proportion of variable pay to fixed pay is significant and aims at aligning the interests of the Group CEO to those of the Group.

Long-term Incentive Plan

The Company does not have any long-term incentive plan. A 'Performance Management System' is being designed to reward employees based on the achievement of short term and long-term objectives.

Share Option Plan

The Company does not have any Share Option Plan.

Board Evaluation

At the initiative of the Corporate Governance Committee and led by the Chairman, a Board evaluation, in the form of a questionnaire and covering, inter alia, the key aspects of the Board's function, was commissioned in June 2023. All the members of the Board were consulted and the report is being communicated to the Board in view of improving its effectiveness and its functioning.

In accordance with the Board Charter, the Board, its Committees and the Directors are assessed on a biennial basis.

Corporate governance report

6. RISK GOVERNANCE AND INTERNAL CONTROL

Risk Governance

The Group is committed to instilling a risk and performance culture. To this end, a risk governance framework is key. Our framework is detailed hereunder:

Risk Governance

The Board of Directors is responsible for the governance of risks and embeds a robust risk management framework as a core competency. The Group's internal control system is designed to manage the risk of failure to achieve business objectives. The Board is ultimately responsible for the setting up and monitoring of the risk governance process, including setting the risk appetite, and the adequacy and effectiveness of internal control systems.

The Audit and Risk Committee assists the Board in the discharge of its duties in relation to risk management and internal control respectively.

Management is responsible for implementing internal control and risk management systems under the supervision of the Audit and Risk Committee respectively to ensure their effectiveness. The aim is to ensure that the assets of the Group are safeguarded, that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented. The Board acknowledges that the Group's systems of risk management and internal controls provide reasonable, but not absolute assurance that the Group will not be adversely affected by an event that can be reasonably foreseen.

Please refer to our Risk Report on pages 44 to 55

Insurance Coverage

The Board, via the Audit and Risk Committee, ensures that the Group's insurance policies are regularly assessed to guarantee the adequate coverage of the significant risks faced by the Group.

Internal Controls

The Board is responsible for the Group's internal control systems and for reviewing its effectiveness. The Group's internal control framework seeks to ensure the reliability of financial reporting, operations and systems whilst guaranteeing compliance with internally established policies and procedures as well as with laws, regulations and codes of business practice in order to protect the Group's assets and reputation.

The internal control framework recognises the pervasiveness of risks in our Group and is devised to tackle the key risks identified under the Enterprise Risk Management (ERM). The internal audit function thereafter assesses the effectiveness of the internal controls in mitigating those risks.

The Audit and Risk Committee assists the Board in the discharge of this responsibility and oversees the effectiveness of the Group's internal control systems. Processes are in place to monitor the effectiveness of internal controls, to identify and report any significant issues, and to ensure that timely and appropriate corrective actions are taken. In carrying out its duties, the Audit and Risk Committee receives regular reports from the internal audit function of the Group.

Whistleblowing

In view of upholding the highest level of ethical conduct, the Board has endorsed a Whistleblowing Policy to provide a framework for its employees to raise concerns about any aspect involving malpractices, without fear of reprisal or victimisation. The policy provides details of the process to follow to raise a concern, as well as the possible outcomes related thereto.

7. REPORTING WITH INTEGRITY

The Board is responsible for the preparation of an Annual Report and financial statements in accordance with applicable laws and regulations. Pursuant to the prevailing Companies Act of Mauritius, the Directors are also required to ensure that financial statements are in compliance with International Financial Reporting Standards.

The Directors are further responsible for the adequate maintenance of accounting records, which disclose at any time and with reasonable accuracy, the financial position and performance of the Company and the Group. They also have the duty to maintain an effective system of internal control and risk management to safeguard the assets of the Company and of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Being a listed Company, we ensure that our stakeholders are kept fully informed about our activities and that our financial disclosures meet the highest ethical standards. This report sets out the financial, social, environmental and performance outlook relevant to the Group.

Furthermore, a soft copy of the Annual Report of the Group is available on the Company's website - www.ubp.mu.

8. AUDIT

External Audit

The Audit and Risk Committee evaluates the independence and work effectiveness of external auditors before making a recommendation to the Board for their appointment and re-appointment. The evaluation encompasses an assessment of the qualifications and performance of the auditors, the quality and integrity of the auditors' communications with the Audit and Risk Committee and the Company and the auditors' independence, objectivity and professional scepticism.

In line with the prevailing Financial Reporting Act 2004, the auditors have been rotated. The current auditors of the Company are Messrs. Deloitte Mauritius.

To further ensure that the objectivity and independence of external auditors are not compromised in the conduct of the audit, the Audit and Risk Committee approves any non-audit services provided by them, which are moreover limited to ad hoc advice and assistance.

Please refer to Other Statutory Disclosures on pages 140 and 141 for the details of the auditors' remuneration.

Corporate governance report

8. AUDIT (CONTINUED)

Internal Audit

The Group's internal audit function is responsible for providing independent, objective assurance to the Board regarding the implementation, operation and effectiveness of internal control systems, risk management and governance of the Group. The objective is to ascertain the extent of compliance with procedures, policies, regulations and legislation, using a risk-based approach and to recommend improvements in control, performance and productivity within the Group. The Audit and Risk Committee monitors the independence and the objectivity of the internal audit function.

The Board relies on the internal and external audit functions to report on any weaknesses and to make recommendations via the Audit and Risk Committee. The objective is to ensure the effective and efficient use of available resources and ascertain the accuracy of information used in the preparation of financial statements. No restrictions are placed over the right of access by the internal auditor to the records, the management and/or the employees of the Group.

Further to the assessment of their expertise and independence, Messrs BDO & Co. were engaged in FY2022 to conduct the internal audit of the Group. The methodology used is based on the selection of specific business cycles, the identification of inherent risks, the verification of key controls in place in view of eliminating or reducing the risks to an acceptable level, the verification of the said controls to ensure that they are operating satisfactorily, the performance of walk-through tests on procedures and processes and the formulation of necessary recommendations to management for the implementation of correction action plans.

The report issued by the internal auditor during the year under review relates to a high level review of financial controls at Premix Ltd (previously Pre-Mixed Concrete Limited) in view of its integration within the Group and the replacement of its IT (operations and accounting) systems. In June 2023, a new mission was kick-started at our engineering division. The objective of this review is to thoroughly assess the adequacy and effectiveness of the controls implemented around the equipment maintenance processes at UBP and to assess the adequacy of processes and controls over equipment maintenance including preventive/planned maintenance and unscheduled repairs. The mission scope also includes the review of controls around maintenance costs, an evaluation of the use of technology within the current processes, an assessment of the adequacy of controls over the supplies/part inventory, a review of contract management with key suppliers for repairs and/or maintenance, a review of pricing and the allocation of spare parts, and a review of the overall efficiency level within the processes around equipment maintenance/repairs.

This year again, no financial issues were identified which would materially affect the figures reported in the financial statements. The recommendations are gradually being implemented by management under the close follow-up of the internal auditor.

9. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

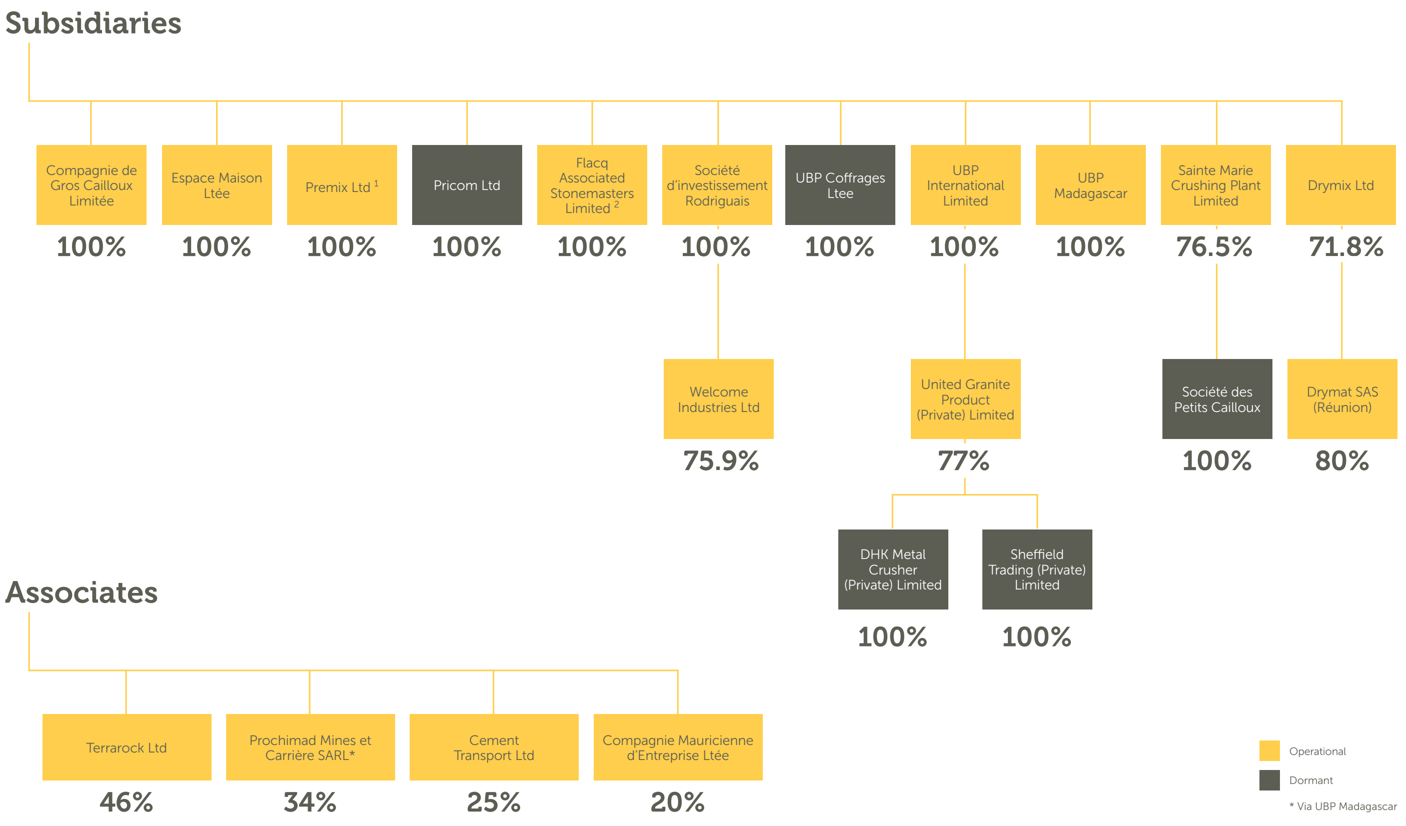
Key Stakeholders of the Group

In line with its values, the Company fully engages itself towards responding to its different stakeholders' expectations and taking on board their interests in the decision-making process.

Shareholding Structure

The shareholding structure of the Group at June 30, 2023 is as detailed hereunder:

The United Basalt Products Limited



[1] The Company changed its name from Pre-Mixed Concrete Limited to Premix Ltd on Juanuary 10, 2023.
[2] The Group increased its stake in this entity to 100% by acquiring 90.53% of it's shares in March 2023.

Corporate governance report

9. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

The share capital of the Company amounts to Rs 265,100,420 made up of 26,510,042 ordinary shares of no par value.

The Company has as Holding Company, IBL Ltd, incorporated in Mauritius.

Common Directors

The list of common Directors with the shareholder companies holding more than 5% of the share capital of the Company at June 30, 2023 was as follows:

Directors	UBP	IBL Ltd
Jan Boullé	•	•
Stéphane Lagesse*	•	•
Thierry Lagesse	•	•

** Alternate to Mr Thierry Lagesse on the Board of Directors of IBL Ltd.*

Substantial Shareholders

The shareholders holding more than 5% of the share capital of the Company at June 30, 2023 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd	8,785,100	33.14
The National Pensions Fund	1,398,175	5.27

Except for the above, no other entity or individual had an interest of 5% or more in the ordinary share capital of the Company.

Shareholding Profile

The share ownership and categories of shareholders at June 30, 2023 were as follows:

Size of shareholding	Number of shareholders	Number of shares owned	Percentage (%)
1 - 500	3,218	291,177	1.09
501 – 1,000	357	262,614	0.99
1,001 – 5,000	688	1,608,239	6.06
5,001 – 10,000	195	1,397,433	5.27
10,001 – 50,000	219	4,418,674	16.67
50,001 – 100,000	38	2,667,829	10.06
100,001 – 250,000	20	2,993,473	11.29
250,001 – 1,000,000	6	2,687,328	10.14
Over 1,000,000	2	10,183,275	38.42
Total	**4,743**	**26,510,042**	**100.00**

Category of shareholders	Number of shareholders	Number of shares owned	Percentage (%)
Individuals	4,328	7,456,531	28.12
Insurance and assurance companies	10	415,089	1.57
Investment and trust companies	27	463,134	1.75
Other corporate bodies	271	13,108,189	49.45
Pension and provident funds	107	5,067,099	19.11
Total	**4,743**	**26,510,042**	**100.00**

In accordance with the Listing Rules of the Stock Exchange of Mauritius Ltd, at least 25% of the shareholding of the Company is in public hands.

Share Registry and Transfer Office

The Company's Share Registry and Transfer Office is outsourced to DTOS Registry Services Ltd.

Total Shareholders' Return

		2019	2020	2021	2022	2023
Share price at the end of the current financial year	Rs	131.25	128.50	144.75	139.00	**100.00**
Share price at the end of the previous financial year	Rs	125.50	131.25	128.50	144.75	**139.00**
Increase/(decrease) in share price	Rs	5.75	(2.75)	16.25	(5.75)	**(39.00)**
Dividend per share	Rs	3.80	1.90	3.00	3.00	**0.00**
Total return per share	Rs	9.55	(0.85)	19.25	(2.75)	**(39.00)**
Total return based on previous year's share price	%	7.61	(0.65)	14.98	(1.89)	**(28.06)**

Dividend Policy

The Company has no formal set dividend policy. The payment of dividend is subject to the Company's performance, its cash flow position, its capital expenditure and debt servicing requirements, as well as its foreseeable investments and growth opportunities. In so doing, the Board of Directors attempts to distribute a yearly dividend which, under normal circumstances, should remain sustainable in the medium to long term.

No dividend was declared in respect of FY2023 (FY2022: Rs 3.00)

Please refer to Financial Highlights and Ratios on pages 8 and 9 for indicators and dividends paid per ordinary share over the past five years to June 30, 2023.

Shareholders' Agreement

At the time of writing, there is no shareholders' agreement to the knowledge of the Company.

Corporate governance report

9. RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

Annual Meeting of Shareholders

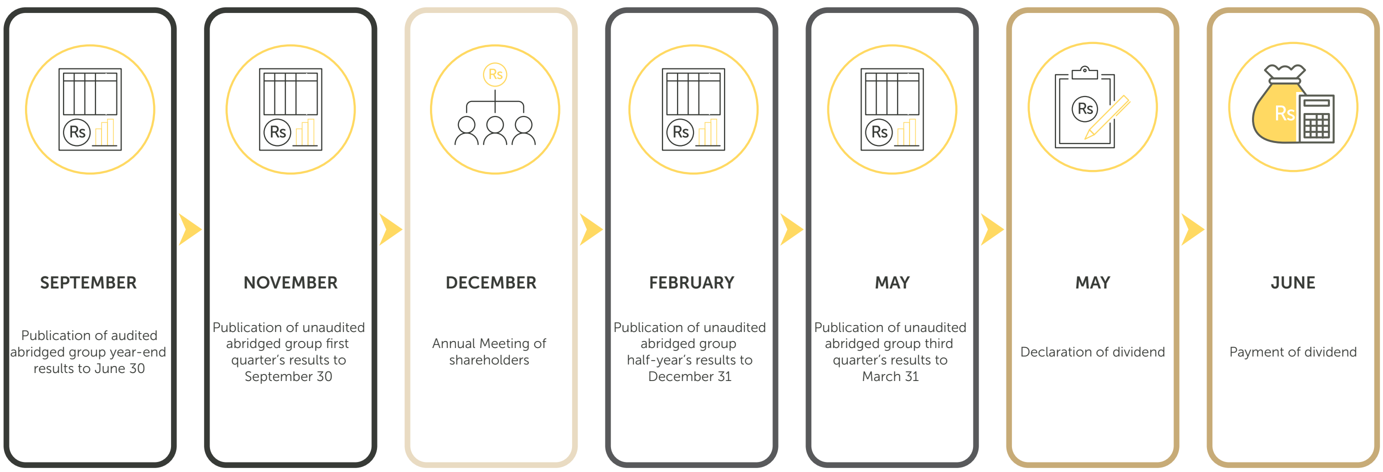
The Company's Annual Meeting is the main forum where the shareholders exercise their rights to decide on the Company's affairs and receive direct feedback from Board members. The external auditors also attend the meeting.

Shareholders are also informed in a timely manner of any relevant information concerning the Company and the Group such that they are able to take decisions in full awareness of their implications. These communications are made either by announcements in the press, the publication of quarterly abridged group financial statements and disclosures in the Annual Report.

Shareholders' Calendar of Events

Further to the financial year-end in June, the calendar of key events is as follows:

Shareholders' Calendar of Events



Other statutory disclosures

(Pursuant to Section 221 of the Companies Act 2001)

ACTIVITIES

The principal activity of the Group remains the manufacture and sale of building materials which consist mainly of our core products: aggregates, rocksand and concrete blocks. Other products include precast concrete slabs, ready-to-use dry mortar, various concrete building components including paving-blocks and roof tiles, ready-mixed concrete, imported floor and wall tiles, sanitary ware and a complete range of home building and decorating products, fittings, tools and garden accessories. Services rendered consist mainly of engineering works by the Company's workshop and contracting services.

The Group is also involved in sugar cane cultivation, the sale of agricultural products, landscaping services and leisure activities through one of its subsidiaries.

Besides Mauritius, the Group is present in Rodrigues, Madagascar, Sri Lanka and Reunion Island.

DIRECTORS

Members of the Board of Directors at June 30, 2023 were:

THE COMPANY[1]

Messrs:	Jean-Claude Béga[2] – Chairman
	Jan Boullé
	Stéphane Brossard
Mrs:	Catherine Gris
Messrs:	Stéphane Lagesse
	Thierry Lagesse
Mrs:	Christine Marot
Mrs:	Kalindee Ramdhonee
Messrs:	Christophe Quevauvilliers
	Stéphane Ulcoq

1. *Mr François Boullé resigned as Director and Chairman of the Risk Monitoring Committee of the Company on December 31, 2022.*
2. *Mr Jean-Claude Béga was appointed as Chairman of the Board and as member of the Corporate Governance Committee of the Company effective on July 01, 2022.*

Other statutory disclosures

(Pursuant to Section 221 of the Companies Act 2001)

DIRECTORS (CONTINUED)

Subsidiary Companies

1. Espace Maison Ltée[1]

Messrs: Jean-Claude Béga
Christophe Quevauvilliers[2]
Stéphane Ulcoq

1. *Mr Thierry Lagesse resigned as Director and Chairman on December 08, 2022.*
1. *Mr François Boullé, Mr Jan Boullé and Mr Stéphane Lagesse resigned as Directors on December 08, 2022.*
2. *Mr Christophe Quevauvilliers was appointed as Director on December 08, 2022.*

2. Compagnie de Gros Cailloux Limitée[1]

Messrs: Jean-Claude Béga[2]
Christophe Quevauvilliers
Stéphane Ulcoq

1. *Messrs Thierry Lagesse and François Boullé resigned as Directors on December 08, 2022.*
2. *Mr Jean-Claude Béga was appointed as Director on December 08, 2022.*

3. UBP Coffrages Ltée

Messrs: Laurent Béga
Bryan Gujjalu
Christophe Quevauvilliers

4. Welcome Industries Limited[1]

Messrs: Jean Claude Béga[2]
Christophe Quevauvilliers
Stéphane Ulcoq

1. *Mr Thierry Lagesse resigned as Director on December 08, 2022.*
2. *Mr Jean-Claude Béga was appointed as Director on February 10, 2023.*

5. UBP International Limited

Messrs: Jean-Claude Béga[1]
Stéphane Ulcoq

1. *Mr Jean-Claude Béga was appointed as Director on February 10, 2023 in replacement of Mr Thierry Lagesse who resigned as Director on December 08, 2022*

6. UBP Madagascar

Mr: Roland Fok Seung (Gérant)

7. United Granite Products (Private) Limited

Messrs: Christophe Quevauvilliers
Stéphane Ulcoq

8. Sainte Marie Crushing Plant Limited

Messrs: Stéphane Ulcoq - Chairman
Bryan Gujjalu[1]
Christophe Quevauvilliers
Thierry Sauzier

1. *Mr Bryan Gujjalu was appointed as Director on February 10, 2023 in replacement of Mr Thierry Lagesse who resigned as Director on December 08, 2022.*

9. Drymix Ltd

Messrs : Jean Claude Béga[1] – Chairman
Eric Adam[2] – alternate: Mr Guillaume Jauffret[3]
Jean-Jacques Jullienne - alternate: Mr Bryan Gujjalu[4]
Colin Taylor - alternate: Mr Gaetan Ah Kang[5]
Christophe Quevauvilliers[6]
Stéphane Ulcoq

1. *Mr Jean-Claude Béga was appointed Director on November 14, 2022.*
2. *Mr Eric Adam resigned as alternate Director of Mr Colin Taylor and was appointed full-fledged Director on November 14, 2022*
3. *Mr Guillaume Jauffret was appointed as alternate Director to Mr Eric Adam on November 14, 2022.*
4. *Mr Bryan Gujjalu was appointed as alternate Director to Mr Jean-Jacques Jullienne on November 14, 2022.*
5. *Mr Gaetan Ah Kang was appointed as alternate Director to Mr Colin Taylor on November 14, 2022.*
6. *Mr Christophe Quevauvilliers resigned as alternate Director to Mr Jean-Jacques Jullienne and was appointed full-fledged Director on November 14, 2022*

10. Premix Ltd[1]

Messrs: Jean-Claude Béga[2]
Christophe Quevauvilliers
Stéphane Ulcoq

1. *Mr Thierry Lagesse resigned as Director on December 08, 2022.*
2. *Mr Jean-Claude Béga was appointed as Director on December 08, 2022.*

11. Pricom Ltd[1]

Messrs: Christophe Quevauvilliers
Stéphane Ulcoq

1. *Mr Thierry Lagesse resigned as Director on December 08, 2022.*

12. Flacq Associated Stonemasters Limited

Messrs: Christophe Quevauvilliers
Stéphane Ulcoq

Mr Jean Claude Béga was appointed as Director on August 25, 2023.

DIRECTORS' REMUNERATION AND BENEFITS

The remuneration and benefits received by the Directors, for the year ended June 30, 2023, from the Company and its subsidiary companies, were as follows:

REMUNERATION AND BENEFITS RECEIVED	FROM THE COMPANY	FROM SUBSIDIARIES
Non-Executive Directors		
Jean-Claude Béga	*1,087,708	-
François Boullé[1]	170,000	66,346
Jan Boullé[2]	*287,500	-
Stéphane Brossard	516,635	15,000
Catherine Gris	395,000	-
Stéphane Lagesse	250,000	53,076
Thierry Lagesse[3]	285,417	296,346
Christine Marot	*407,500	-
Kalindee Ramdhonee	490,817	-
Executive Directors		
Stéphane Ulcoq (Group CEO)	10,779,930	40,000
Christophe Quevauvilliers (Group CFO)	6,086,950	40,000

1. *Mr François Boullé resigned as Director and Chairman of the Risk Monitoring Committee of the Company on December 31, 2022*
2. *Mr Jan Boullé was appointed as member of the Corporate Governance Committee on February 03, 2023.*
3. *Mr Thierry Lagesse resigned as member of the Corporate Governance Committee on February 03, 2023.*

* *The fees payable to Mrs Christine Marot and Messrs Jean-Claude Béga and Jan Boullé are paid to IBL Ltd.*

Other statutory disclosures

(Pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' AND SENIOR OFFICERS' INTERESTS IN SHARES

The Directors' and Senior Officers' interests in the ordinary shares of the Company at June 30, 2023 were as follows:

		Ordinary shares			
		Direct		Indirect	
Directors	**Category**	**Number**	**%**	**Number**	**%**
Jean-Claude Béga - Chairman	NED	-	-	1,073	0.004
Jan Boullé	NED	-	-	11,484	0.043
Stéphane Brossard	INED	-	-	-	-
Catherine Gris	INED	1,500	0.006	-	-
Stéphane Lagesse	NED	218	0.001	45,137	0.170
Thierry Lagesse	NED	2,136	0.008	45,137	0.170
Christine Marot	NED	-	-	-	-
Christophe Quevauvilliers	ED	600	0.002	12	0.000
Kalindee Ramdhonee	INED	-	-	-	-
Stéphane Ulcoq	ED	-	-	-	-

ED – Executive Director
NED – Non-Executive Director
INED - Independent Non-Executive Director

		Direct		Indirect	
Senior Officers	**Position held**	**Number**	**%**	**Number**	**%**
Vikram Gunnoo	General Manager of Premix Ltd	72	0.000	-	-
Bruno de Spéville	Marbella Manager	227	0.001	-	-

None of the Directors and Senior Officers of the Company had an interest in the shares of the subsidiary companies.

DIRECTORS' SERVICE CONTRACTS

Except for Messrs Stéphane Ulcoq and Christophe Quevauvilliers, who each have a contract of employment with the Company, there is no service contract between the Company and any of the Directors.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION

The Directors and the Company Secretary benefit from an indemnity insurance cover for liabilities incurred while performing their duties, to the extent permitted by law.

SHAREHOLDERS

Substantial Shareholders

The shareholders holding more than 5% of the share capital of the Company at June 30, 2023 were as follows:

Shareholders	Number of shares	% Holding
IBL Ltd	8,785,100	33.14
The National Pensions Fund	1,398,175	5.27

Except for the above, no other entity or individual had an interest of 5% or more in the ordinary share capital of the Company.

CONTRACTS OF SIGNIFICANCE

No Director or any substantial shareholder had a material interest, either directly or indirectly, in a contract of significance entered into by the Company or its subsidiaries.

Other statutory disclosures

(Pursuant to Section 221 of the Companies Act 2001)

DONATIONS

The Company and its subsidiary companies have donated Rs 777,738 during the year ended June 30, 2023 (2022: Rs 620,066) out of which none (2022: nil) were political donations. The details of the donation are as follows:

Name of Company	Amount (Rs)
The Company	155,000
Espace Maison Ltée	31,787
Compagnie de Gros Cailloux Limitée	205,951
Drymix Ltd	276,000
Welcome Industries Limited	74,000
Premix Ltd	35,000
Total	777,738

AUDITOR'S REMUNERATION

The auditors' remuneration for the FY2023 was as detailed in the table below:

	THE GROUP		THE COMPANY	
	2023 Rs'000	2022 Rs'000	2023 Rs'000	2022 Rs'000
Audit fees :				
Deloitte	**5,476**	3,801	**1,905**	1,549
Other firms	**611**	468	**-**	-
Non-audit fees :				
Deloitte	**-**	-	**-**	-
Other firms	**1,225**	2,547	**925**	1,454

Non-audit fees of Rs 474,540 (2022: Rs 414,820) were paid by the Group to Ernst & Young for tax services.
Non-audit fees of Rs 25,000 (2022: Rs 40,000) were paid by the Group to BDO for tax services.
Non-audit fees of Rs 175,000 (2022: Rs 125,000) were paid by the Company to Ernst & Young for the purchase price allocation in relation to the acquisition of Premix.
Non-audit fees of Rs 550,000 (2022: Rs nil) were paid by the Company to Ernst & Young for the purchase price allocation in relation to the acquisition of FAST.
Internal audit fees of Rs 871,000 were paid by the Group to BDO in 2022.
Consultancy fees of Rs 1,096,000 were paid by the Group to Ernst & Young in 2022.

The auditors' remuneration for our subsidiary companies for the FY2023 was as detailed in the tables below:

	SMPCL		Welcome		EML		UBPI	
	2023 Rs	2022 Rs	2023 Rs	2022 Rs	2023 Rs	2022 Rs	2023 Rs	2022 Rs
Audit fees - Deloitte	**316,700**	257,000	**313,500**	255,000	**795,000**	646,000	**-**	-
Non-audit fees : Tax – Ernst & Young	**43,000**	39,500	**11,000**	11,000	**55,000**	47,000	**1,000**	1,000

	CGX		UGPL		UBPM		Drymix	
	2023 Rs	2022 Rs	2023 Rs	2022 Rs	2023 Rs	2022 Rs	2023 Rs	2022 Rs
Audit - Delta	**-**	-	**-**	-	**401,447**	226,000	**-**	-
Audit fees - Deloitte	**769,300**	625,000	**124,069**	101,034	**-**	-	**452,600**	368,000
Non-audit fees : Tax – Ernst & Young	**20,000**	17,500	**30,540**	43,070	**-**	-	**57,000**	53,750

	Premix		UBPC		FAST	
	2023 Rs	2022 Rs	2023 Rs	2022 Rs	2023 Rs	2022 Rs
Audit fees - Deloitte	**800,000**	-	**-**	-	**-**	-
Audit fees - Mazars	**-**	242,000	**-**	-	**-**	-
Audit fees - RSM	**-**	-	**-**	-	**210,000**	-
Non-audit fees : Tax – Ernst & Young	**-**	-	**5,000**	5,000	**48,000**	-
Non Audit fees : Tax – BDO	**25,000**	40,000	**-**	-	**-**	-

1. SMPCL — Sainte Marie Crushing Plant Limited
2. Welcome — Welcome Industries Limited
3. EML — Espace Maison Ltée
4. UBPI — UBP International Ltd
5. CGX — Compagnie de Gros Cailloux Limitée
6. UBPM — UBP Madagascar
7. UGPL — United Granite Product (Private) Limited
8. Drymix — Drymix Ltd
9. Premix — Premix Ltd
10. UBPC — UBP Coffrages Ltée
11. FAST — Flacq Associated Stonemasters Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED JUNE 30, 2023

Statement of Directors' responsibilities in respect of the preparation of financial statements and internal control

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position, financial performance and cash flows of the Company. In so doing, they are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the provisions of the Companies Act 2001 and the International Financial Reporting Standards (IFRS), and explain any material departure thereto;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business in the foreseeable future.

The Directors are also responsible for the proper maintenance of accounting records which disclose at any time and with reasonable accuracy, the financial position and performance of the Company. They are also responsible for maintaining an effective system of internal control and risk management, for safeguarding the assets of the Company and for taking all reasonable steps to prevent and detect fraud and other irregularities.

The Directors acknowledge that they have exercised their responsibilities as described above and confirm that they have complied with the above requirements in preparing the financial statements for the year ended June 30, 2023. They also acknowledge the responsibility of the external auditors to report on these financial statements and to express an opinion as to whether they are fairly presented. They further acknowledge that they have ensured compliance to the Code of Corporate Governance (the "Code").

The Directors confirm that there is an outsourced internal audit function. The Board also confirm that proper accounting records have been maintained during the year ended June 30, 2023 and that nothing has come to their attention which could indicate any material breakdown in the functioning of the internal control system and have a material impact on the trading and financial position of the Company.

On behalf of the Board

Jean-Claude Béga
Chairman

Stéphane Ulcoq
Group CEO

September 27, 2023

COMPANY SECRETARY'S CERTIFICATE
FOR THE YEAR ENDED JUNE 30, 2023

I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

Christophe Quevauvilliers
Company Secretary

September 27, 2023

SOUND DECISION-MAKING

FINANCIAL STATEMENTS

Independent auditor's report | Statements of financial position | Statements of profit or loss and other comprehensive income | Statements of changes in equity | Statements of cash flows | Notes to the financial statements

Our strategic choices stand as pillars, fostering prosperity and propelling progress. With steadfast commitment, we navigate the market currents, ensuring sustained growth and success.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
THE UNITED BASALT PRODUCTS LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **The United Basalt Products Limited** (the "Company" and the "Public Interest Entity") and its subsidiaries (the "Group") set out on pages 149 to 247, which comprise the consolidated and separate statements of financial position as at June 30, 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at June 30, 2023, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for International Accountants' International *Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
Employee benefit liabilities	
The Group and the Company have defined benefit plans and residual liability on retirement gratuities arising from Workers' Rights Act 2019 for its employees and have recognised employee benefit liabilities of Rs 288.7 million and Rs 200.4 million respectively at June 30, 2023. In determining the employee benefit liabilities, management has made certain assumptions, judgement and has involved an actuary to assist with the IAS 19 Employee Benefits provisions and disclosures. Changes in the assumptions can lead to a material movement in the net employee benefit liabilities. Employee benefit liabilities are considered a key audit matter due to the significance of the balance in the consolidated and separate financial statements as a whole, combined with the significant assumptions and judgements in determining the amount of provision. The significant assumptions and judgements used in respect of the employee benefit liabilities have been disclosed in Note 21.	We assessed the competence, capabilities and objectivity of management's independent actuaries. We assessed and challenged the assumptions that the actuaries and management made in determining the value of the net employee benefit liabilities: • Independently recalculated the discount rate used based on the duration of the employee benefit liabilities; • Assessed the reasonableness of future salary increase; • Tested the salary data used in the valuation report by reconciling to payroll records for completeness and accuracy; • Verified the retirement benefits plan assets to independent correspondences with the plan assets administrators; and • Assessed whether the disclosure made in the financial statements are as per the requirements of IAS 19.

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of goodwill	
The goodwill balance stood at Rs 125.6 million as at June 30, 2023. Management conducted an annual impairment test before the end of the reporting period to assess the recoverability of the carrying value of goodwill. This was performed by calculating the cash generating unit's ("CGU") value-in-use by discounting the estimate of the future cash flows the Group expects to derive from the CGU or the fair value less cost to sell of the CGU. As disclosed in Note 9(a), there is inherent uncertainty and significant judgements involved in preparing future cash flow forecasts and applying the appropriate discount rate to determine the value-in-use amount of the CGU. There is also significant judgement in estimating the fair value less cost to sell amount of the CGU. The impairment assessment of goodwill is thus considered as a key audit matter.	In evaluating the impairment of goodwill, we reviewed the CGU's value in use or fair value less cost to sell calculations prepared by management. We performed various procedures, including the following: • Reviewed the inputs used in the cash flow forecast against historical performance and comparison to management's strategic plans; • Compared the growth rate used to historical data regarding economic growth rate in the cash generating unit; • Reviewed appropriateness of discount factor used; • Verified the mathematical accuracy of the valuation; • Performed sensitivity analysis on discount rates to evaluate the extent of impact on the value in use; and • Assessed the reasonableness of the fair value less cost to sell of properties.
Land and buildings	
At June 30, 2023, the Group and the Company have land and buildings included in Property, Plant and Equipment amounting to Rs 3,728.5 million and Rs 1,575.9 million respectively. Land and buildings are stated at their revalued amount under the revaluation model in terms of IAS 16 Property, Plant and Equipment, based on periodic revaluations carried out by qualified external independent valuation specialist, less subsequent depreciation and impairment of buildings. The fair value of land and buildings is arrived at by using either open market approach or depreciated replacement cost approach as appropriate. For the year ended June 30, 2023, the corresponding gains on revaluation recorded in other comprehensive income for the Group and the Company amounted to Rs 622.0 million and Rs 323.3 million respectively. The determination of the fair value of land and buildings involves judgements and estimates of key inputs that materially affect the carrying amounts of the revalued assets. The significance of the land and buildings on the Group's and the Company's statements of financial position as disclosed in Note 5 and the significant judgements and assumptions involved in arriving at the fair value, resulted in them being identified as a key audit matter.	Our audit procedures included the following: • Obtained, read, and understood the valuation reports from the qualified external independent valuation specialist. Tested the mathematical accuracy of the reports and evaluated the valuation methodologies used by the qualified external independent valuation specialist; • Assessed the qualifications and objectivity of the qualified external independent valuation specialist engaged by the Group and the Company for the valuation of land and buildings; • Engaged with the qualified external independent valuation specialist and challenging the reasonableness of key inputs and assumptions used in the fair value determination by involving our internal valuation specialist; • Involved our internal valuation specialist in validating the appropriateness of the methodologies and assumptions used; and • Assessed the appropriateness of the disclosures made in the financial statements in accordance with the requirements of IAS 16.

Other information

The Directors are responsible for the other information. The other information comprises the Financial Highlights, Risk Report, Corporate Governance Report, Capital Reports, Other Statutory Disclosures, Statement of Directors' Responsibilities and Company Secretary's Certificate which we obtained prior to the date of this auditor's report. It also includes other reports to be included in the Annual Report which are expected to be made available after that date. The other information, does not include the consolidated and separate financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE UNITED BASALT PRODUCTS LIMITED

Other information (Continued)

Our opinion on the consolidated and separate financial statements do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- We have no relationship with, or interest in, the Company and its subsidiaries other than in our capacity as auditor;
- We have obtained all information and explanations that we have required; and
- In our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Financial Reporting Act 2004

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the Annual Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Annual Report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Use of this report

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte

Deloitte
Chartered Accountants
September 29, 2023

LLK Ah Hee, FCCA
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FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Notes	THE GROUP 2023	THE GROUP 2022	THE COMPANY 2023	THE COMPANY 2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**4,880,285**	3,776,377	**2,308,074**	1,767,872
Right of use assets	6	**346,586**	265,801	**139,936**	98,300
Investment properties	7	**46,716**	59,646	**219,426**	213,008
Bearer biological assets	8	**1,125**	-	**-**	-
Intangible assets	9(a)	**268,902**	151,367	**18,499**	19,478
Land conversion rights	9(b)	**27,198**	27,198	**-**	-
Investment in subsidiaries	10	**-**	-	**1,605,870**	1,316,261
Investment in associates	11	**75,182**	69,801	**7,163**	7,163
Non-current financial assets	12	**2,292**	20,787	**1,502**	19,968
Deferred tax assets	13(c)	**23,151**	23,813	**-**	-
Total non-current assets		**5,671,437**	4,394,790	**4,300,470**	3,442,050
Current assets					
Consumable biological assets	14	**103,351**	77,086	**-**	-
Inventories	15	**1,260,879**	1,218,593	**543,242**	485,985
Trade and other receivables	16	**561,534**	564,118	**651,612**	595,451
Income tax receivable	13(b)	**15,827**	10,218	**12,689**	9,142
Cash at bank and on hand	18	**100,543**	43,698	**1,112**	8,265
		2,042,134	1,913,713	**1,208,655**	1,098,843
Assets classified as held for sale	38	**-**	100,923	**-**	22,428
Total current assets		**2,042,134**	2,014,636	**1,208,655**	1,121,271
TOTAL ASSETS		**7,713,571**	6,409,426	**5,509,125**	4,563,321
EQUITY AND LIABILITIES					
Equity					
Issued capital	19(a)	**265,100**	265,100	**265,100**	265,100
Reserves	19(b)	**3,950,342**	3,176,648	**2,649,062**	2,174,057
Equity attributable to shareholders of the parent		**4,215,442**	3,441,748	**2,914,162**	2,439,157
Non-controlling interests		**46,189**	29,660	**-**	-
Total equity		**4,261,631**	3,471,408	**2,914,162**	2,439,157
Non-current liabilities					
Loans	20(a)	**459,034**	919,143	**429,536**	877,143
Lease liabilities	20(b)	**279,324**	220,995	**110,327**	79,517
Deferred tax liabilities	13(c)	**153,030**	55,831	**73,407**	17,106
Employee benefit liabilities	21	**288,650**	419,564	**200,351**	323,614
Total non-current liabilities		**1,180,038**	1,615,533	**813,621**	1,297,380
Current liabilities					
Loans and bank overdrafts	20(a)	**1,515,677**	623,641	**1,422,320**	570,256
Lease liabilities	20(b)	**83,282**	61,957	**34,171**	22,204
Trade and other payables	22	**668,104**	586,995	**324,851**	234,324
Dividend payable	29	**4,291**	6,748	**-**	-
Income tax payable	13(b)	**548**	7,876	**-**	-
		2,271,902	1,287,217	**1,781,342**	826,784
Liabilities directly associated with assets classified as held for sale	38	**-**	35,268	**-**	-
Total current liabilities		**2,271,902**	1,322,485	**1,781,342**	826,784
Total liabilities		**3,451,940**	2,938,018	**2,594,963**	2,124,164
TOTAL EQUITY AND LIABILITIES		**7,713,571**	6,409,426	**5,509,125**	4,563,321

These financial statements were approved by the Board of Directors on September 27, 2023 and signed on its behalf by :

Jean-Claude Béga
Chairman

Stéphane Ulcoq
Group CEO

The notes on pages 156 to 247 form an integral part of these financial statements.
Auditor's report on pages 146 to 149.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Notes	THE GROUP		THE COMPANY	
		2023	2022	**2023**	2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	**24**	**4,682,896**	4,073,535	**2,157,826**	1,952,642
Operating profit	**25**	**247,657**	204,741	**113,107**	113,346
Allowance for expected credit losses on financial assets	**25(d)**	**(19,099)**	(23,281)	**(3,766)**	(12,244)
Impairment of assets	**25(c)**	**-**	(348,100)	**(6,560)**	(211,437)
Gain on deemed disposal of associate	**25(e)**	**-**	158,236	**-**	-
Finance income	**26**	**957**	2,125	**87,534**	44,808
Finance costs	**27**	**(107,574)**	(59,490)	**(95,953)**	(43,785)
Share of results of associates	**11**	**13,523**	10,678	**-**	-
Profit / (loss) before tax		**135,464**	(55,091)	**94,362**	(109,312)
Tax income / (expense)	**13(a)**	**6,546**	(1,622)	**6,408**	7,421
Profit / (loss) for the year		**142,010**	(56,713)	**100,770**	(101,891)
Other comprehensive income					
Items to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		**1,413**	30,205	**-**	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**1,413**	30,205	**-**	-
Items not to be reclassified to profit or loss in subsequent periods:					
Net gain on equity instruments at FVTOCI	**12(a)**	**7,157**	6,434	**7,157**	6,434
Re-measurement gains on retirement benefit liabilities	**21**	**129,951**	86,380	**110,944**	56,806
Deferred tax effect on re-measurement gains on retirement benefit liabilities	**13(a)**	**(21,200)**	(13,911)	**(18,860)**	(9,657)
Revaluation of land and buildings	**5**	**621,969**	-	**323,332**	-
Deferred tax on revaluation gain on buildings	**13(a)**	**(90,809)**	-	**(48,338)**	-
Share of other comprehensive income of associates	**11**	**4,623**	4,655	**-**	- -
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**651,691**	83,558	**374,235**	53,583
Other comprehensive income for the year, net of tax		**653,104**	113,763	**374,235**	53,583
Total comprehensive income / (loss) for the year, net of tax		**795,114**	57,050	**475,005**	(48,308)
Profit / (loss) for the year attributable to:					
Equity holders of the parent		**133,660**	(67,553)	**100,770**	(101,891)
Non-controlling interests		**8,350**	10,840	**-**	-
		142,010	(56,713)	**100,770**	(101,891)
Total comprehensive income / (loss) for the year attributable to:					
Equity holders of the parent		**773,694**	37,322	**475,005**	(48,308)
Non-controlling interests		**21,420**	19,728	**-**	-
		795,114	57,050	**475,005**	(48,308)
Earnings / (loss) per share (Rs)	**28**	**5.04**	(2.55)		

The notes on pages 156 to 247 form an integral part of these financial statements.
Auditor's report on pages 146 to 149.

FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Attributable to equity shareholders of the parent									
THE GROUP	Issued capital	Share premium	Associate companies	Revaluation reserve	Fair value reserve of financial assets at FVOCI	Translation reserve	Retained earnings	Total	Non-controlling interests	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 01, 2021	265,100	7,354	109,813	1,874,102	10,980	(16,182)	1,304,859	3,556,026	41,616	3,597,642
(Loss) / profit for the year	-	-	-	-	-	-	(67,553)	(67,553)	10,840	(56,713)
Other comprehensive income	-	-	4,655	-	6,434	23,253	70,533	104,875	8,888	113,763
Total comprehensive income for the year	-	-	4,655	-	6,434	23,253	2,980	37,322	19,728	57,050
Changes in percentage holding of subsidiaries (note 37)	-	-	-	-	-	-	(72,070)	(72,070)	(24,336)	(96,406)
Transfer to retained earnings	-	-	(29,475)	(12,819)	-	-	42,294	-	-	-
Dividends (note 29)	-	-	-	-	-	-	(79,530)	(79,530)	(7,348)	(86,878)
At June 30, 2022	265,100	7,354	84,993	1,861,283	17,414	7,071	1,198,533	3,441,748	29,660	3,471,408
At July 01, 2022	265,100	7,354	84,993	1,861,283	17,414	7,071	1,198,533	3,441,748	29,660	3,471,408
Profit for the year	-	-	-	-	-	-	133,660	133,660	8,350	142,010
Other comprehensive income	-	-	4,623	516,736	7,157	3,336	108,182	640,034	13,070	653,104
Total comprehensive income for the year	-	-	4,623	516,736	7,157	3,336	241,842	773,694	21,420	795,114
Transfer to retained earnings	-	-	-	(61,048)	(24,571)	-	85,619	-	-	-
Dividends (note 29)	-	-	-	-	-	-	-	-	(4,891)	(4,891)
At June 30, 2023	**265,100**	**7,354**	**89,616**	**2,316,971**	**-**	**10,407**	**1,525,994**	**4,215,442**	**46,189**	**4,261,631**

The notes on pages 156 to 247 form an integral part of these financial statements.
Auditor's report on pages 146 to 149.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

THE COMPANY	Issued capital	Share premium	Revaluation reserve	Fair value reserve of financial assets at FVOCI	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 01, 2021	265,100	7,354	819,248	10,980	1,464,313	2,566,995
Loss for the year	-	-	-	-	(101,891)	(101,891)
Other comprehensive income	-	-	-	6,434	47,149	53,583
Total comprehensive income / (loss) for the year	-	-	-	6,434	(54,742)	(48,308)
Dividends (note 29)	-	-	-	-	(79,530)	(79,530)
At June 30, 2022	265,100	7,354	819,248	17,414	1,330,041	2,439,157
At July 01, 2022	265,100	7,354	819,248	17,414	1,330,041	2,439,157
Profit for the year	-	-	-	-	100,770	100,770
Other comprehensive income	-	-	274,994	7,157	92,084	374,235
Total comprehensive income for the year	-	-	274,994	7,157	192,854	475,005
Transfer to retained earnings	-	-	-	(24,571)	24,571	-
At June 30, 2023	**265,100**	**7,354**	**1,094,242**	**-**	**1,547,466**	**2,914,162**

The notes on pages 156 to 247 form an integral part of these financial statements.
Auditor's report on pages 146 to 149.

FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Notes	THE GROUP		THE COMPANY	
		2023	2022	**2023**	2022
OPERATING ACTIVITIES		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Profit / (loss) before tax		**135,464**	(55,091)	**94,362**	(109,312)
Adjustment to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	5	**278,484**	249,931	**179,707**	170,663
Depreciation of right of use assets	6	**80,136**	44,552	**30,669**	13,662
Depreciation of investment properties	7	**2,104**	3,735	**18,053**	19,075
Allowance for expected credit losses on financial assets		**19,099**	23,281	**3,766**	12,244
Amortisation of intangible assets	9(a)	**27,443**	22,028	**5,432**	4,862
Reassessment of lease		**-**	(184)	**-**	-
Derecognition of lease	25(b)	**(716)**	-	**-**	-
Impairment of assets	25(c)	**-**	340,686	**6,560**	211,437
Gain on deemed disposal of associate	25(e)	**-**	(158,236)	**-**	-
Fair value loss of financial assets at FVTPL	12	**29**	331	**-**	-
Fair value movement of land conversion rights	9(b)	**-**	(1,576)	**-**	-
Write-off of intangible assets	9(a)	**-**	1,644	**-**	-
Write-off of property, plant and equipment	5	**1,111**	65	**-**	-
Write-off of right of use assets	6	**-**	2,337	**-**	-
Movement in retirement benefit liabilities	21	**(8,536)**	7,531	**(12,325)**	1,600
Profit on disposal of property, plant and equipment	25	**(8,548)**	(5,064)	**(6,396)**	(6,629)
Share of results of associates	11	**(13,523)**	(10,678)	**-**	-
Finance costs	27	**107,574**	58,460	**95,953**	43,785
Finance income	26	**(957)**	(2,090)	**(87,534)**	(44,808)
Movement in working capital:					
Increase in consumable biological assets	14	**(26,265)**	(22,659)	**-**	-
Decrease / (increase) in inventories	15	**25,444**	(314,354)	**(35,496)**	(94,505)
Decrease / (increase) in trade and other receivables	16	**20,007**	(14,422)	**(59,927)**	(194,127)
Increase / (decrease) in trade and other payables	22	**33,646**	(34,889)	**90,527**	67,238
Cash generated from operations		**671,996**	135,338	**323,351**	95,185
Interest paid		**(101,453)**	(54,988)	**(89,000)**	(39,668)
Interest income		**-**	15	**12,917**	8,518
Income tax paid	13(b)	**(25,131)**	(24,902)	**(8,036)**	(19,017)
Net cash flows generated from operating activities		**545,412**	55,463	**239,232**	45,018
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		**10,984**	15,564	**7,200**	11,878
Purchase of property, plant and equipment	18	**(595,260)**	(381,130)	**(438,361)**	(262,534)
Expenditure on bearer assets	8	**(1,125)**	-	**-**	-
Additions to investment in subsidiaries	10	**-**	-	**(248,118)**	(395,259)
Purchase of investment properties	7	**-**	-	**(6,692)**	(18,467)
Purchase of intangible assets	9(a)	**(24,447)**	(21,613)	**(4,383)**	(7,807)
Consideration paid to aquire additional shares in financial asset and subsidiary	37	**(244,841)**	(381,822)	**-**	-
Cash on acquisition of subsidiary	37	**839**	12,182	**-**	-
Dividend received from associates	11	**12,765**	13,174	**12,765**	13,174
Dividend received from other equity investment	26	**957**	2,075	**61,852**	23,116
Net cash flows used in investing activities		**(840,128)**	(741,570)	**(615,737)**	(635,899)

The notes on pages 156 to 247 form an integral part of these financial statements.
Auditor's report on pages 146 to 149.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Notes	THE GROUP		THE COMPANY	
		2023	2022	**2023**	2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
FINANCING ACTIVITIES					
Proceeds from borrowings	20(c)	**3,856,685**	1,508,500	**3,940,652**	1,548,950
Repayment of term loans	20(c)	**(3,521,579)**	(1,153,360)	**(3,617,541)**	(1,139,677)
Repayment of lease liabilities	20(c)	**(77,109)**	(45,796)	**(28,159)**	(11,343)
Long Term Secured Promissory Note	20(c)	**(3,382)**	(3,096)	**(3,382)**	(3,096)
Dividend paid - The Company		**-**	(79,530)	**-**	(79,530)
Dividend paid - Minority shareholders		**(7,348)**	(600)	**-**	-
Net cash flows from financing activities		**247,267**	226,118	**291,570**	315,304
Decrease in cash and cash equivalents		**(47,449)**	(459,989)	**(84,935)**	(275,577)
MOVEMENT IN CASH AND CASH EQUIVALENTS					
At July 01,		**(298,710)**	107,328	**(254,431)**	21,146
Cash and cash equivalent balance represented as continuing operations	38	**9,907**	-	**-**	-
Exchange difference		**313**	55,379	**-**	-
Decrease in cash and cash equivalents		**(47,449)**	(459,989)	**(84,935)**	(275,577)
Less: Movement for discontinuing operations	38	**-**	(1,428)	**-**	-
At June 30,	18	**(335,939)**	(298,710)	**(339,366)**	(254,431)

The notes on pages 156 to 247 form an integral part of these financial statements.
Auditor's report on pages 146 to 149.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. CORPORATE INFORMATION

The United Basalt Products Limited ("the Company") is a public company incorporated and domiciled in Mauritius and listed on the official market of the Stock Exchange of Mauritius. Its registered office is situated at Trianon, Quatre-Bornes.

The main activities of the Company and its subsidiaries, together referred to as the 'Group', are the manufacturing and selling of building materials, provision of workshop services, manufacture of ready-mixed concrete and the production and sale of agricultural products.

The consolidated and separate financial statements for the year ended June 30, 2023 were authorised for issue by the Board of Directors on September 27, 2023 and the statements of financial position were signed on behalf of the Board by Messrs Jean-Claude Béga and Stéphane Ulcoq. The consolidated and separate financial statements will be submitted to the shareholders for approval at the annual meeting.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and complies with the Mauritius Companies Act 2001 and Financial Reporting Act 2004.

The consolidated and separate financial statements have been prepared on a historical cost basis except for freehold land and buildings classified under property, plant and equipment, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and consumable biological assets that have been measured at their fair values as disclosed in the accounting policies hereafter.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated and separate financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs'000) except where otherwise indicated.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of The United Basalt Products Limited and entities controlled by the Company (its subsidiaries) as at June 30, 2023.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets held for sale and Discontinued Operations are measured in accordance with that Standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for fair value measurement, such as unquoted financial assets at fair value through other comprehensive income and unquoted financial assets at fair value through profit or loss.

Financial assets that are unquoted are fair valued by management at least annually at the reporting date. The use of external valuers is decided by the management when the situation dictates it, taking into consideration the relevant factors.

Involvement of external valuers for the valuation of its properties is decided upon by management after discussion with and approval of the audit committee, usually every three years. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. Management assesses the changes in the inputs, as well as those in the environment, from both internal and external sources, that affect the fair value of the property since the last valuation, and thereafter decides on the involvement of external valuers.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents.

Management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The fair values of the Group's consumable biological assets are determined by Management at least annually at the reporting date through the income approach. Inputs and assumptions used in the determination of the fair value are verified and validated to their respective sources and documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Except for freehold land and buildings, all other items of property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and buildings are carried at revalued amounts less accumulated depreciation on buildings and impairment losses recognised. Valuations are performed with sufficient frequency (3 to 5 years) to ensure that the value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in other comprehensive income and credited to the revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of the revaluation, the accumulated depreciation is eliminated and any remaining balance is adjusted against the gross carrying amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Buildings	2 to 20
Leasehold improvements	Over lease period
Land improvements	2
Plant and equipment	7 to 33
Motor vehicles	20

Land and assets in progress are not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(d) Investment properties

Investment properties which are properties held to earn rentals and/or capital appreciation are initially measured at cost, including transaction costs and subsequently at cost net of accumulated depreciation and accumulated impairment losses, if any.

The cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost less depreciation at the date of transfer. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Depreciation is calculated on the straight-line method at the rate of 2% to 5% per annum.

(e) Biological assets

Bearer biological assets

Bearer biological assets comprising of sugar cane ratoons and plantation costs are capitalised and amortised over the period during which the Group expects to benefit from the asset, usually up to seven years. The Group account for bearer plants in the same way as property, plant and equipment. Such biological assets are measured at cost (direct costs incurred including cost of purchase if any) less any accumulated depreciation and any accumulated impairment losses.

Consumable biological assets

Consumable biological assets represent standing cane, vegetables and plants and are stated at fair value less costs to sell. The fair value is measured as the expected net cash flows from the sale of the cane and plants discounted at the relevant market determined pre-tax rate. The changes in fair value less cost to sell of the consumable biological assets is recognised in profit or loss.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (Continued)

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Other intangible assets

Other intangible assets include trademarks, computer software and land conversion rights. Intangible assets acquired separately are measured on initial recognition at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised but are recognised as expenses in the period in which they are incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year-end with the effect of any changes in estimate being accounted for on a prospective basis. The intangible assets are amortised over a period of 6 years.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised.

Internally-generated intangible assets–development expenditure

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets such as goodwill and brand name with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Customer relationship is measured initially at purchase cost and is amortised on a straight-line basis over its estimated useful life of 5 years.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are in profit or loss when the asset is derecognised.

(g) Land conversion rights

Land conversion rights are in relation to the reform of the Sugar Industry in the years 2000, which necessitated redundancy payments in the form of cash and serviced land, as well as capital expenditure for capacity expansion and optimisation. These capital expenditure investments and expenses have been financed by debt. To assist the repayment of these debts, Government granted a tax exemption to the Sugar Industry when converting agricultural land into residential land in the form of Land Conversion Rights ("LCRs"). These LCRs are granted by the Mauritius Cane Industry Authority (MCIA) under the Sugar Industry Efficiency Act 2001 based on the qualifying costs incurred by an entity. An LCR is recognised as a non-current asset and is initially measured at fair value at the date on which the Company is entitled to receive those rights, that is when there is reasonable assurance that the LCR will be received and all the attached conditions will be complied with. LCRs are derecognised upon disposal (i.e. the date the recipient obtains control) or use for converting agricultural land into residential land for land projects. Any gain or loss on derecognition of the LCR is included in profit or loss.

LCRs are tested annually for impairment. When the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. LCRs are derecognised upon disposal (i.e. the date the recipient obtains control), used internally for converting agricultural land into residential land for land projects or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the LCR is included in profit or loss.

(h) Investment in subsidiaries

Subsidiaries are those entities controlled by the Company. Control is achieved when the Company is exposed to, or has right to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

Separate financial statements

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

When investment in subsidiary is acquired in stage, the cost of investment in subsidiary in the separate financial statement is measured at the fair value of the previously held interest (initial interest) at the date of obtaining control of the subsidiary, plus any consideration paid for the additional interest ('the fair value as deemed cost approach'). Any difference between the fair value (and, therefore, carrying amount under IFRS 9) of initial interest and the original consideration is recognised in profit or loss regardless of the classification of initial interest under IFRS 9.

(i) Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investment in associates (Continued)

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised but is individually tested for impairment annually.

The profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's in other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associates is stated at cost. The carrying amount is reduced to recognise any impairment in the value of the investment.

(j) Foreign currency translation

The financial statements of the Group and the Company are presented in Mauritian rupees, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Mauritian rupees at the rate of exchange prevailing at the reporting date and their profit or loss is translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(k) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments) ;
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) ;
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) ; and
- Financial assets at fair value through profit or loss.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and cash and cash equivalent.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as finance income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify part of its equity investments under this category. Refer to note 12.

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes both listed and unlisted equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Refer to note 12.

Dividends on these equity investments are also recognised as Finance income in profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Financial assets (Continued)

Derecognition (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and some other receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Some other receivables are of the same nature as trade receivables but given that these are not the activities of the Group, these are not classified as trade receivables. As those other receivables have a maturity of 1 year or less, the Group has applied the practical expedient of IFRS 9. Where the balance due is repayable on demand and the borrower has enough liquid assets to settle the balance due on demand, the probability of default is minimal. Where the Borrower does not have enough liquid assets to settle the balance on demand but own other assets that can be sold to settle the balance due, the loss given default is nil as the net realisable value of the assets cover the outstanding balance. In that case, the ECL is limited to the effect of discounting the amount due of the loan over the period until the cash is realised and since those companies can realise cash within a short period of time, the effect of discounting is immaterial.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Write-off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and trade and other payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans, lease liabilities and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Amortised cost

Loans and borrowings, lease liabilities and trade and other payables.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings including bank overdraft and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial instruments (Continued)

Financial liabilities (Continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(l) Inventories

Inventory items are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw Materials: Purchase costs on an average cost method; and
- Finished Goods: Costs of direct materials and direct expenses based on normal operating capacity.

Work-in-progress consists of cost incurred on works performed but not yet completed and invoiced at the reporting date.

Net realisable value (NRV) is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

When inventories arise from a change in use of investment properties such as by the commencement of development with a view to sell, the properties are reclassified as inventories at their deemed cost, which is the fair value at the date of reclassification. They are subsequently carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

Land development inventory consists of cost of land and related expenditure incurred on conversion of land to saleable condition. Land earmarked for development is stated at the lower of cost or net realisable value and is included in inventories.

(m) Retirement benefit liabilities

Defined contribution plan

Payments to defined contribution retirement plans are charged as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plan

The Group operates a final salary defined benefit plan, the assets of which are held independently and administered by Swan Life Ltd. The cost of providing benefits under defined benefit plan is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income;
- Re-measurement

The Group presents the first two components of defined benefit costs in profit or loss as part of staff costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

State plan

State plan and contributions to Contribution Sociale Generalisée are expensed in profit or loss in the period in which they fall due.

Other retirement gratuity – The Workers Rights Act 2019

For employees that are not covered or who are insufficiently covered under pension plans, the net present value of retirement gratuity payable under the Workers' Rights Act 2019 (WRA) is calculated independently by qualified actuaries, AON Solutions Ltd and Swan Actuarial Services Ltd. The expected cost of these benefits is accrued over the service lives of employees on a similar basis to that for the defined benefit plan. The present value of these retirement gratuities have been disclosed as unfunded obligations under employee benefit liability.

(n) Cash and cash equivalents

Cash at bank and on hand in the statement of financial position are measured at amortised cost.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and on hand, net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories of the impaired asset, except for a property previously revalued with the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(p) Leases

The Group and the Company as lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (Continued)

The Group and the Company as lessee (Continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has applied this practical expedient.

The Group and the Company as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(r) Revenue

The Group is involved in the sale of building materials and manufactures aggregates, rocksand, concrete blocks and other construction materials for resale. The Group is also involved in the sale of various concrete building components including decorative items, agricultural products and garden accessories. Revenue from contracts with customers is measured based on the consideration to which the Company expects to be entitled in exchange for those goods and services and excludes amount collected on behalf of third parties. Revenue is recognised when or as the entity satisfies a performance obligation by transferring control of a promised goods or services to a customer. Control either transfers over time or at a point in time. When revenue from services is received upfront by client, a contract liability is recognised for revenue relating to services not yet delivered to the customer. The Group has generally concluded that it is the principal in its revenue arrangements.

Revenue from sale of goods

Revenue from sale of goods is recognised at a point in time when control of the asset is transferred to the customer generally on delivery of the goods. The normal credit term is 30 days.

Revenue from workshop, leisure and landscaping

Services provided by the Group include workshop, leisure and landscaping. Revenue from rendering of these services is recognised either at a point in time or over time depending whether the service is one-off or over a duration of a period.

Project revenue

The Group generates revenue from supply and fixing contracts (project revenue) agreed with customers. Where the contracts contain only the supply of goods, revenue is recognised at the point of time the goods are delivered. However, where the contract consists of both supply and fixing services and each of these obligations can be capable of being distinct on its own or together with other services that are readily available to the customer and is distinct within the context of the contract itself, the good or service is accounted as a separate obligation. In these cases, revenue for the supply of goods is recognised at the time of delivery whereas revenue for the fixing part is recognised over time as the services are rendered.

The transaction price is allocated between the product and the fixing services on a relative stand-alone selling price basis.

(s) Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group operates and generates taxable income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Taxes (Continued)

Current tax (Continued)

Current tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown on the statement of profit or loss and other comprehensive income and the income tax liability on the statement of financial position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

(t) Segmental reporting

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

(c) for which discrete financial information is available.

The Group's business segments consist of core business activities, retail and agriculture. Most of its activities are performed in Mauritius.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Other income

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when the Board of Directors of the investee declare the dividend.

(v) Distribution to equity holders

The Group and the Company recognise a liability to make distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the Board of Directors. A corresponding amount is recognised directly in equity.

(w) Spare parts

Spare parts held by a Group which will be used to replace broken parts on its production machineries have been classified as inventory and are expensed to profit or loss when these are replaced on the production machineries.

Spare parts which can be used on a specific production machinery and which extend the life of the production machineries and economic benefit derived from its use are capitalised as part of property, plant and equipment. Depreciation on such spare parts is charged to profit or loss.

(x) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group and the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle present obligation, its carrying amount is the present value of these cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(y) Related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if they have the ability, directly or indirectly, to control the Group and the Company or exercise significant influence over the Group and the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individual or other entities.

(z) Non-current assets held for sale

Classification as non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Changes to plan for sale

If the Group and the Company have classified an asset (or disposal group) as held for sale or as held for distribution to owners, but the criteria for held for sale or for held for distribution to owners are no longer met, the Group and the Company shall cease to classify the asset (or disposal group) as held for sale or held for distribution to owners respectively. The Group and the Company shall measure the non-current asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners at the lower of:

(a) its carrying amount before the asset (or disposal group) was classified as held for sale or as held for distribution to owners, adjusted for any depreciation, amortisation or revaluations that would have been recognised has the asset (or disposal group) not been classified as held for sale or as held for distribution to owners, and

(b) its recoverable amount at the date of the subsequent decision not to sell or distribute.

(aa) Comparative figures

Where necessary, comparative figures have been restated or reclassified to conform to the current year's presentation.

(ab) Customer loyalty programme

The Group has a customer loyalty programme whereby customers are awarded with reward credits (loyalty points) which are effectively used as cash back against future purchases. Loyalty points granted to customers participating in the loyalty programme provide rights to customers that need to be accounted for as a separate performance obligation.

The fair value of the consideration received under loyalty programme is allocated between the sale of goods supplied and the loyalty points granted. The consideration allocated to the loyalty points is measured by reference to their relative stand-alone selling price which is calculated as the amount for which the loyalty points could be separately exchanged, adjusted for an expected forfeiture rate. Such consideration is not recognised as turnover at the time of the sales transaction but is recognised as a deferred revenue liability until the loyalty points have been redeemed or forfeited. The likelihood of redemption, based on management's judgement of expected redemption rates, is reviewed on a regular basis and any adjustments to the deferred revenue liability is recognised in turnover.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Group and the Company have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on July 01, 2022.

New and revised standards that are effective for the current year

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

IAS 16 Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produces while the company is preparing the asset for its intended uses
IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous
IFRS 3 Business Combinations – Amendments updating a reference to the Conceptual Framework
IFRS 9 Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities)

New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements – Amendments regarding the classification of liabilities (effective January 01, 2024)
IAS 1 Presentation of Financial Statements – Amendments to defer the effective date of the January 2020 amendments (effective January 01, 2024)
IAS 1 Presentation of Financial Statements – Amendments regarding the disclosure of accounting policies (effective January 01, 2023)
IAS 1 Presentation of Financial Statements – Amendments regarding the classification of debt with covenants (effective January 01, 2024)
IAS 7 Statement of Cash Flows – Amendments regarding supplier finance arrangements (effective January 01, 2024)
IAS 8 Accounting Policies, Change in Accounting Estimates and Errors – Amendments regarding the definition of accounting estimates (effective January 01, 2023)
IAS 12 Income Taxes – Amendments regarding deferred tax on leases and decommissioning obligations (effective January 01, 2023)
IAS 12 Income Taxes – Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes (effective January 01, 2023)
IFRS 7 Financial Instruments: Disclosures – Amendments regarding supplier finance arrangements (effective January 01, 2024)
IFRS 16 Leases – Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective January 01, 2024)
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information – Original issue (effective January 01, 2024)
IFRS S2 Climate-related Disclosures – Original- issue (effective January 01, 2024)

The Directors anticipate that these Standards and Interpretations will be applied on their effective dates in future periods. The Directors have not yet assessed the potential impact of the application of these amendments.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of spare parts

Spare parts and servicing equipment which have an expected life of more than one year, usually in connection to the life of specific item of property, plant and equipment are classified as property, plant and equipment. They are depreciated over the shorter of the life of the spare or the item of property, plant and equipment they are attached to. All other spares are recognised as inventories and expensed in profit or loss upon consumption.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values of property, plant and equipment

Determining the carrying amounts of property, plant and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Group and the relevant industries in which the Group's entities operate in order to best determine the useful lives and residual values of property, plant and equipment. There has been no impact on the re-assessment made by management.

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair values are determined by independent professional valuers by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the properties. Refer to note 5.

Allowance for slow moving inventories

The basis and assumptions used for determining impairment allowance for slow moving inventories is based on a combinations of factors including past experience of management, turnover, customer preferences and market trends.

Valuation of standing cane

The fair value of biological assets is based on the estimated net present value of future cash flows for the coming crop. The standing cane valuation has been arrived at based on an estimate of the future cash flows arising on a normal crop with sugar proceeds being adjusted for the drop in sugar price and budgeted costs and applying a suitable discount rate in order to calculate the net present value. Refer to note 14 for key assumptions used to determine valuation of standing cane.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Estimates and assumptions (Continued)

Valuation of plants (Bearer biological assets)

The fair value of plants is based on the estimated net present value of future cash flows for the coming crops. The actual life of the bearers are assessed annually, taking into account the life of the ratoons, yields, estimated price of sugar and other items and the discount rate. The valuation of plants has been arrived at based on an estimate of the future cash flows arising on a normal crop less budgeted costs discounted at a suitable rate in order to calculate the net present value. Refer to note 14 for key assumptions used to determine valuation of plants.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical default rates are updated and changes in the forward looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to notes 16.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. Refer to note 9 (a), for key assumptions used.

Employee benefit liabilities

The cost of defined benefit pension plans and the present value of pension obligation are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer to note 21.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to note 12.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The recoverable amount of the investments in foreign subsidiaries has been determined using the fair value less cost to sell model. Main assumptions to the valuation model included the fair value of property, plant and equipment and discount for liquidity (refer to note 9).

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's principal financial liabilities comprise bank loans and overdrafts, finance leases, loan from shareholders and trade and other payables. The main purpose of these financial liabilities is to finance the Group's and the Company's operations. The Group's and the Company's principal financial assets included other current financial asset, trade and other receivables, and cash at bank and on hand that arise directly from its operations. The Group and the Company also hold equity investments classified at Fair value through profit or loss and Fair value through other comprehensive income.

The Group and the Company are exposed to market risk, credit risk and liquidity risk. The Group's and the Company's senior management oversees the management of these risks. Senior management ensures that the Group's and the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk objectives.

A description of the various risks to which the Group and the Company are exposed are shown below as well as the approach taken by management to control and mitigate those risks.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk to which the Group and the Company are exposed comprise three types of risk: interest rate risk, foreign currency risk, and equity price risk. Financial instruments affected by market risk include loans and borrowings, non-current financial assets, and trade and other payables.

The sensitivity analysis in the following sections relate to the position as at June 30, 2023 and 2022.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to the risk of changes in market interest rates relates primarily to the Group's and the Company's debt obligations with floating interest rates.

The Group's and the Company's income and operating cash flows are subject to the risks of changes in market interest rates.

The Group's and the Company's policy is to manage its interest risk using a mix of fixed and variable rate debts.

Interest rate sensitivity

The following table demonstrates through the impact on floating rate borrowings the sensitivity of the Group's and the Company's profit before tax and equity to a reasonable possible change in interest rates with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (Continued)

(i) Interest rate risk (Continued)

Interest rate sensitivity (Continued)

	THE GROUP		THE COMPANY	
Increase / (decrease) in basis point	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
+50	9,844	7,697	9,229	7,220
-25	(4,922)	(3,848)	(4,615)	(3,610)

(ii) Currency profile

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
Financial assets	Rs'000	Rs'000	Rs'000	Rs'000
Euro	26,814	16,638	72	2,014
US Dollars	29,955	5,570	40	619
Mauritian Rupees	499,409	532,120	611,029	584,613
Malagasy Ariary	10,722	5,206	-	-
Sri Lanka Rupee	2,365	15,525	-	-
	569,265	575,059	611,141	587,246

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
Financial liabilities	Rs'000	Rs'000	Rs'000	Rs'000
Euro	54,976	46,056	26,703	18,963
US Dollars	8,935	5,915	1,665	57,743
Pound Sterling	-	100	-	100
Mauritian Rupees	2,847,115	2,291,665	2,268,812	1,694,540
South African Rand	5,575	1,224	3,452	780
Malagasy Ariary	25,710	29,495	-	-
Sri Lanka Rupee	10,324	4,808	-	-
	2,952,635	2,379,263	2,300,632	1,772,126

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit of the functional currency. While revenue is generated principally in the functional currency, significant expenditures are incurred in Euro, US Dollars and Malagasy Ariary. The Group does not have a policy to hedge against foreign currency risk.

Foreign currency sensitivity

The following table demonstrates due to changes in the fair value of monetary assets and liabilities the sensitivity of the Group's and the Company's profit after tax and equity to a reasonably possible change in Euro, US Dollars and Malagasy Ariary exchange rates, with all other variables held constant.

Increase / (decrease) in exchange rate	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Euro +5%	**(1,408)**	(1,471)	**(1,332)**	(847)
Euro -10%	**2,816**	2,942	**2,663**	1,695
US Dollar +5%	**1,051**	(17)	**(81)**	(2,856)
US Dollar -10%	**(2,102)**	35	**163**	5,712
Malagasy Ariary +5%	**(749)**	(1,214)	**-**	-
Malagasy Ariary -10%	**1,499**	2,429	**-**	-

Equity price risk

The Group's and the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The following table demonstrates the impact of a reasonably possible change in the equity prices, with all other variables held constant, on the Group's and the Company's profit after tax or equity, depending on whether the decline is significant or prolonged.

Increase/(decrease) in equity prices	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
+ 5%	115	1,039	75	998
- 10%	(229)	(2,079)	(150)	(1,997)

(b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group and the Company are exposed to credit risk from its operating activities and from its financing activities, including trade and other receivables and cash at bank.

Trade receivables

Customer credit risk is managed by the Group's and the Company's established policy, procedures and control relating to customer credit risk management. The Group and the Company have established internal policies to determine the credit worthiness and reliability of potential customers.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (Continued)

Trade receivables (Continued)

Set out below is the information about the credit risk exposure on the Group's and the Company's trade receivables using a provision matrix:

THE GROUP

2023	Total	Current	1-30 days	31-60 days	61-90 days	91-180 days	>180 days
Expected credit loss rate		2.35%	3.49%	5.36%	7.12%	15.83%	100.00%
Total gross carrying amount (Rs'000)	570,240	9,712	166,637	115,795	36,605	37,955	203,536
Expected credit loss (Rs'000) *	180,983	(131)	3,116	2,677	563	2,144	172,614

* Adjusted taking into consideration bank guarantees

2022	Total	Current	1-30 days	31-60 days	61-90 days	91-180 days	>180 days
Expected credit loss rate		3.29%	4.40%	6.94%	9.64%	32.68%	100.00%
Total gross carrying amount (Rs'000)	580,305	10,537	144,895	98,879	51,737	86,440	187,817
Expected credit loss (Rs'000) *	160,470	306	1,998	1,410	1,967	6,357	148,432

* Adjusted taking into consideration bank guarantees

THE COMPANY

2023	Total	Current	1-30 days	31-60 days	61-90 days	91-180 days	>180 days
Expected credit loss rate		2.05%	2.36%	2.59%	4.38%	14.89%	100.00%
Total gross carrying amount (Rs'000)	249,715	3,340	76,014	74,599	28,975	20,517	46,270
Expected credit loss (Rs'000) *	43,839	57	1,463	785	604	55	40,875

* Adjusted taking into consideration bank guarantees

2022	Total	Current	1-30 days	31-60 days	61-90 days	91-180 days	>180 days
Expected credit loss rate		1.62%	1.89%	2.07%	3.61%	13.92%	100.00%
Total gross carrying amount (Rs'000)	244,641	2,613	63,262	51,203	27,702	50,993	48,868
Expected credit loss (Rs'000) *	42,204	17	558	518	645	374	40,092

* Adjusted taking into consideration bank guarantees

Financial instruments and cash at bank

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group and the Company limit their credit risk by carrying out transactions with reputable banking institutions. Counterparty credit limit are reviewed by the Group's Senior Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as disclosed below:

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
Non-current financial assets	**2,292**	20,787
Cash at bank	**100,543**	43,698

	THE COMPANY	
	2023	2022
	Rs'000	Rs'000
Non-current financial assets	**1,502**	19,968
Cash at bank	**1,112**	8,265

Other receivables

Other receivables are neither past due nor impaired for the year ended June 30, 2023 and 2022.

(c) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
Financial assets	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Financial assets at FVTPL	**2,278**	2,307	**1,488**	1,488
Financial assets at FVTOCI	**14**	18,480	**14**	18,480
Financial assets at amortised cost	**566,973**	554,272	**609,639**	567,278
	569,265	575,059	**611,141**	587,246
Financial liabilities				
Financial liabilities at amortised cost	**2,952,635**	2,379,263	**2,300,632**	1,772,126

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk

Liquidity risk refers to the possibility of default by the Group and the Company to meet its obligations because of unavailability of funds to meet both operational and capital requirements. The Group and the Company monitor its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables and other financial assets), the maturity of its financial obligations and projected cash flows from operations. Moreover, the Group and the Company have access to various types of funding such as leasing, loans and share capital.

The following table summarises the maturity profile of the Group's and the Company's financial liabilities at June 30, based on contractual undiscounted payment.

THE GROUP

At June 30, 2023	On demand	Less than 3 months	3-12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	**437,812**	**124,504**	**1,064,728**	**721,449**	**260,793**	**2,609,286**
Trade and other payables	**311,668**	**288,417**	**17,695**	**-**	**-**	**617,780**
	749,480	**412,921**	**1,082,423**	**721,449**	**260,793**	**3,227,066**

At June 30, 2022	On demand	Less than 3 months	3-12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	357,704	46,193	347,826	1,215,765	82,284	2,049,772
Trade and other payables	264,795	228,658	94,166	-	-	587,619
	622,499	274,851	441,992	1,215,765	82,284	2,637,391

THE COMPANY

At June 30, 2023	On demand	Less than 3 months	3-12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	**365,689**	**103,144**	**967,900**	**469,705**	**242,564**	**2,149,002**
Trade and other payables	**199,947**	**87,388**	**16,963**	**-**	**-**	**304,298**
	565,636	**190,532**	**984,863**	**469,705**	**242,564**	**2,453,300**

At June 30, 2022	On demand	Less than 3 months	3-12 months	1 to 5 years	Above 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	329,013	19,749	281,305	967,193	38,835	1,636,095
Trade and other payables	199,460	21,775	1,767	-	-	223,002
	528,473	41,524	283,072	967,193	38,835	1,859,097

(e) Climate-related risks

The table below lists the climatic impacts that are most likely to affect the business operations of the Group and the Company.

Geophysical, meteorological, hydrological, climatological events	Implications
Warmer temperatures	• Health and Safety risks • Failure to meet customer demands due to disruption in production output and delay in delivery of items • Temporary interruption of operations and production process • Rising insurance costs • Changes in resource/input price (water, energy) • Damage to infrastructure • Changes in consumer consumption patterns
Increase in frequency of intensity of heavy rainfall episodes	
Increase in intensity and length of droughts	
Decrease or increase in annual rainfall	
Rising sea levels	
Increase in frequency and intensity of tropical cyclones	

All potential effects of climate-related hazards are systematically evaluated and the Group has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection.

(f) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders value.

The Group and the Company manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended June 30, 2023 and June 30, 2022.

The Group monitors capital using a gearing ratio which is interest bearing loans and borrowings divided by equity. The Group's policy is to keep the gearing ratio between 30% and 60%. Capital comprises of equity attributable to the equity holders of the parent. The Group and Company do not have any externally imposed capital requirements.

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest bearing loans and borrowings	**2,337,317**	1,825,736	**1,996,354**	1,549,120
Equity	**4,261,631**	3,471,408	**2,914,162**	2,439,157
Gearing ratio	**55%**	53%	**69%**	64%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

5. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Freehold land and buildings	Land improvements	Plant and equipment	Motor vehicles	Asset in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION						
At July 01, 2021	2,995,045	83,728	2,958,059	148,001	18,987	6,203,820
Additions	44,179	205	203,125	30,198	103,960	381,667
Disposals	(203)	-	(18,792)	(17,901)	-	(36,896)
Write-off	-	-	(311,693)	(980)	-	(312,673)
Transfer from right of use asset (note 6)	-	-	12,600	7,418	-	20,018
Transfer to inventories*	(12,819)	-	-	-	-	(12,819)
Acquisition of subsidiary (note 37)	92,752	-	210,574	26,539	22,705	352,570
Transfer from assets in progress	-	-	17,689	-	(17,689)	-
Reclassified as held for sale (note 38)	(44,241)	-	(47,492)	(10,502)	-	(102,235)
At June 30, 2022	3,074,713	83,933	3,024,070	182,773	127,963	6,493,452
Additions	64,740	-	299,088	11,475	219,166	594,469
Disposals	-	-	(28,272)	(26,721)	-	(54,993)
Write-off	(4,428)	-	(87,002)	-	(465)	(91,895)
Revaluation adjustments	439,817	-	-	-	-	439,817
Transfer to intangible assets (note 9 (a))	-	-	-	-	(94)	(94)
Transfer (to)/from right of use asset (note 6)	(214)	-	5,351	762	-	5,899
Transfer to inventories*	-	-	(21,761)	-	-	(21,761)
Transfer from investment property (note 7)	10,826	-	-	-	-	10,826
Acquisition of subsidiary (note 37)	95,932	-	111,249	1,258	-	208,439
Transfer from / (to) assets in progress	66,082	-	19,288	-	(85,370)	-
Transfer from held for sale (note 38)	44,304	4,704	76,840	10,707	7,023	143,578
Transfer within class of assets	(34,260)	-	34,999	(739)	-	-
At June 30, 2023	**3,757,512**	**88,637**	**3,433,850**	**179,515**	**268,223**	**7,727,737**
ACCUMULATED DEPRECIATION						
At July 01, 2021	74,783	39,115	2,441,356	117,872	884	2,674,010
Charge for the year	59,349	4,097	165,906	20,579	-	249,931
Disposals	(104)	-	(11,271)	(15,021)	-	(26,396)
Write-off	-	-	(311,628)	(980)	-	(312,608)
Transfer from right of use asset (note 6)	-	-	6,780	7,418	-	14,198
Acquisition of subsidiary (note 37)	10,735	-	160,537	17,141	-	188,413
Reclassified as held for sale (note 38)	(25,123)	-	(37,326)	(8,024)	-	(70,473)
At June 30, 2022	119,640	43,212	2,414,354	138,985	884	2,717,075
Charge for the year	67,782	4,108	180,595	18,837	-	271,322
Disposals	-	-	(26,951)	(25,626)	-	(52,577)
Write-off	(4,115)	-	(86,669)	-	-	(90,784)
Revaluation adjustments	(182,152)	-	-	-	-	(182,152)
Transfer from right of use asset (note 6)	504	-	5,351	762	-	6,617
Transfer from intangible assets (note 9 (a))	70	-	-	-	-	70
Acquisition of subsidiary (note 37)	(9,587)	-	88,466	482	-	79,361
Transfer from held for sale (note 38)	26,593	2,544	58,119	11,264	-	98,520
Transfer within class of assets	10,279	-	(9,298)	(981)	-	-
At June 30, 2023	**29,014**	**49,864**	**2,623,967**	**143,723**	**884**	**2,847,452**
CARRYING AMOUNT						
At June 30, 2023	**3,728,498**	**38,773**	**809,883**	**35,792**	**267,339**	**4,880,285**
At June 30, 2022	2,955,073	40,721	609,716	43,788	127,079	3,776,377

* In the financial year 2023, Rs 21.8m was transferred to inventory. In 2022, Rs 12.8m relating to land being converted to a saleable condition was transferred to land development inventory.

Bank borrowings are secured by fixed and floating charges over the assets of the Group.

Following the representation of the discontinuing operation to continuing operation Rs 7.2m has been included in depreciation charge for the year in the statement of cash flows.

THE COMPANY	Freehold land and buildings	Land improvements	Plant and equipment	Motor vehicles	Asset in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION						
At July 01, 2021	1,334,789	43,126	2,336,224	101,627	17,690	3,833,456
Additions	13,817	-	143,339	19,188	86,057	262,401
Disposals	-	-	(19,219)	(12,685)	-	(31,904)
Write-off	-	-	(309,425)	(980)	-	(310,405)
Transfer from assets in progress	-	-	17,689	-	(17,689)	-
At June 30, 2022	1,348,606	43,126	2,168,608	107,150	86,058	3,753,548
Additions	50,217	-	205,491	3,644	178,357	437,709
Disposals	-	-	(20,340)	(16,286)	-	(36,626)
Write-off	(4,115)	-	(19,639)	-	-	(23,754)
Transfer to inventories*	-	-	(21,761)	-	-	(21,761)
Transfer from assets in progress	63,344	-	712	-	(64,056)	-
Revaluation adjustments	236,249	-	-	-	-	236,249
Transfer within class of assets	(34,260)	-	34,999	(739)	-	-
Transfer to investment property (note 7)	(16,495)	-	-	-	-	(16,495)
Transfer to right of use asset (note 6)	(214)	-	-	-	-	(214)
At June 30, 2023	**1,643,332**	**43,126**	**2,348,070**	**93,769**	**200,359**	**4,328,656**
ACCUMULATED DEPRECIATION						
At July 01, 2021	74,256	32,858	1,972,080	72,879	-	2,152,073
Charge for the year	32,023	2,156	122,843	13,641	-	170,663
Disposals	-	-	(15,603)	(11,052)	-	(26,655)
Write-off	-	-	(309,425)	(980)	-	(310,405)
At June 30, 2022	106,279	35,014	1,769,895	74,488	-	1,985,676
Charge for the year	40,421	2,156	125,325	11,805	-	179,707
Disposals	-	-	(19,945)	(15,877)	-	(35,822)
Revaluation adjustments	(87,083)	-	-	-	-	(87,083)
Write-off	(4,115)	-	(19,639)	-	-	(23,754)
Transfer within class of assets	10,109	-	(9,128)	(981)	-	-
Transfer from investment property (note 7)	1,284	-	-	-	-	1,284
Transfer from right of use asset (note 6)	504	-	-	-	-	504
Transfer from intangible assets (note 9 (a))	70	-	-	-	-	70
At June 30, 2023	**67,469**	**37,170**	**1,846,508**	**69,435**	**-**	**2,020,582**
CARRYING AMOUNT						
At June 30, 2023	**1,575,863**	**5,956**	**501,562**	**24,334**	**200,359**	**2,308,074**
At June 30, 2022	1,242,327	8,112	398,713	32,662	86,058	1,767,872

* In the financial year 2023, Rs 21.8m was transferred to inventory (2022: there were no transfers to inventory).

Bank borrowings are secured by fixed and floating charges over the assets of the Company.

(b) *Revaluation of land and buildings*

The fair value of the freehold land and buildings were determined by Chasteau Doger De Speville Ltd, an independent valuer. The date of the revaluation was June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Revaluation of land and buildings (Continued)

Freehold land is revalued by reference to market based evidence; that is, the valuations are based on active market prices, adjusted for any differences in the nature, location or condition of a specific property. Freehold land is classified as level 2. The significant input is the price per square metre which ranges between Rs 119 and Rs 7,699.

The fair value of buildings was determined using the depreciated replacement cost approach, which reflects the value by computing the current cost of replacing the property and subtracting any depreciation resulting from one or more of the following factors: physical deterioration, functional obsolescence and economic obsolescence. Buildings have been classified as level 3. The significant unobservable input is the depreciation rate which ranges between 4%-75%.

Details of the Group's and the Company's buildings and information about the fair value hierarchy as at June 30, 2023 are as follows:

	Buildings			
	2023		2022	
Reconciliation of carrying amount	**THE GROUP**	**THE COMPANY**	THE GROUP	THE COMPANY
	Rs'000	**Rs'000**	Rs'000	Rs'000
Carrying amount as at July 01,	**906,862**	**361,875**	859,027	367,307
Additions for the year	**64,740**	**50,217**	44,384	13,817
Transfers	**84,340**	**63,344**	(44,241)	-
Revaluation	**554,098**	**284,342**	-	-
Depreciation for the year	**(67,782)**	**(40,421)**	(59,349)	(19,249)
Disposals	**-**	**-**	(99)	-
Acquisition of subsidiary (note 37)	**105,519**	**-**	82,017	-
Reclassification (depreciation)	**(70)**	**-**	25,123	-
Carrying amount and fair value as at June 30,	**1,647,707**	**719,357**	906,862	361,875

The cost, accumulated depreciation and net book values of the land and buildings, had they been stated at historical cost would be as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cost	**1,829,654**	1,764,914	**1,265,419**	1,220,378
Accumulated depreciation	**(879,554)**	(811,772)	**(521,465)**	(495,653)
Net book value	**950,100**	953,142	**743,954**	724,725

The Directors have reviewed the carrying value of the land and buildings and other items of property, plant and equipment and are of the opinion that as at June 30, 2023, the carrying value has not suffered any impairment except those disclosed elsewhere.

6. RIGHT OF USE ASSETS

THE GROUP

	Land and buildings	Plant and machinery	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At July 01, 2021	64,798	83,887	66,755	215,440
Additions	1,338	82,439	23,451	107,228
Acquisition of subsidiary (note 37)	-	8,680	114,920	123,600
Write-off	-	-	(8,042)	(8,042)
Disposals	-	-	(2,235)	(2,235)
Transfer to property, plant and equipment (note 5)	-	(12,600)	(7,418)	(20,018)
Transfer to assets held for sale	(5,211)	-	-	(5,211)
Elimination adjustment on derecognition from deemed disposal of associate	(3,540)	-	-	(3,540)
At June 30, 2022	57,385	162,406	187,431	407,222
Additions	3,717	68,732	81,770	154,219
Transfer from/(to) property, plant and equipment (note 5)	214	-	(6,113)	(5,899)
Transfer from held for sale (note 38)	4,842	-	-	4,842
Derecognition	-	(4,333)	(1,487)	(5,820)
Reassessment	660	2,011	-	2,671
At June 30, 2023	**66,818**	**228,816**	**261,601**	**557,235**
ACCUMULATED DEPRECIATION				
At July 01, 2021	13,088	23,828	47,434	84,350
Elimination adjustment on derecognition from deemed disposal of associate	(944)	-	-	(944)
Charge for the year	8,387	18,693	17,472	44,552
Transfer to property, plant and equipment (note 5)	-	(6,780)	(7,418)	(14,198)
Acquisition of subsidiary (note 37)	-	4,358	31,243	35,601
Write-off	-	-	(5,705)	(5,705)
Disposals	-	-	(2,235)	(2,235)
At June 30, 2022	20,531	40,099	80,791	141,421
Charge for the year	8,166	38,445	33,525	80,136
Transfer to property, plant and equipment (note 5)	(504)	-	(6,113)	(6,617)
Derecognition	-	(2,804)	(1,487)	(4,291)
At June 30, 2023	**28,193**	**75,740**	**106,716**	**210,649**
CARRYING AMOUNT				
At June 30, 2023	**38,625**	**153,076**	**154,885**	**346,586**
At June 30, 2022	36,854	122,307	106,640	265,801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

6. RIGHT OF USE ASSETS (CONTINUED)

The Group has options to purchase certain plant and machinery and motor vehicles for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of the lease liabilities are presented in note 20(b)(i).

	2023	2022
Amounts recognised in profit or loss	**Rs'000**	Rs'000
Depreciation expense on right-of-use assets	**80,136**	44,552
Interest expense on lease liabilities (note 27)	**19,405**	11,523
	99,541	56,075

At June 30, 2023, the Group did not have any commitment for short-term leases.

THE COMPANY

	Plant and equipment	Land and buildings	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At July 01, 2021	25,748	13,382	2,144	41,274
Additions	74,575	610	4,253	79,438
At June 30, 2022	100,323	13,992	6,397	120,712
Transfer from property, plant and equipment (note 5)	-	214	-	214
Reassessment	2,011	179	-	2,190
Additions	50,408	-	18,989	69,397
At June 30, 2023	**152,742**	**14,385**	**25,386**	**192,513**
ACCUMULATED DEPRECIATION				
At July 01, 2021	5,308	1,941	1,501	8,750
Charge for the year	10,288	2,553	821	13,662
At June 30, 2022	15,596	4,494	2,322	22,412
Transfer to property, plant and equipment (note 5)	-	(504)	-	(504)
Charge for the year	24,373	2,167	4,129	30,669
At June 30, 2023	**39,969**	**6,157**	**6,451**	**52,577**
CARRYING AMOUNT				
At June 30, 2023	**112,773**	**8,228**	**18,935**	**139,936**
At June 30, 2022	84,727	9,498	4,075	98,300

The Company has options to purchase certain land and buildings and motor vehicles for a nominal amount at the end of the lease term. The Company's obligations are secured by the lessors' title to the leased assets for such leases.

	2023	2022
Amounts recognised in profit or loss	**Rs'000**	Rs'000
Depreciation expense on right-of-use assets	**30,669**	13,662
Interest expense on lease liabilities (note 27)	**7,273**	2,870
	37,942	16,532

At June 30, 2023, the Company did not have any commitment for short-term leases.

7. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
COST				
At July 01,	**115,673**	128,673	**501,438**	482,971
Reclassification (to)/from property, plant and equipment (note 5)	**(10,826)**	-	**16,495**	-
Transfer to inventories (note 15)	**-**	(13,000)	**-**	-
Additions	**-**	-	**6,692**	18,467
At June 30,	**104,847**	115,673	**524,625**	501,438
ACCUMULATED DEPRECIATION				
At July 01,	**56,027**	52,292	**288,430**	269,355
Reclassification to property, plant and equipment (note 5)	**-**	-	**(1,284)**	-
Charge for the year	**2,104**	3,735	**18,053**	19,075
At June 30,	**58,131**	56,027	**305,199**	288,430
CARRYING AMOUNT				
At June 30,	**46,716**	59,646	**219,426**	213,008

The investment properties were revalued on June 30, 2023 by an external independent valuer. The valuation was carried out at that date by Chasteau Doger De Speville Ltd. Fair value is determined by reference to market based evidence; that is, the valuations are based on active market prices, adjusted for any differences in the nature, location or condition of a specific property. The fair value at June 30, 2023 was Rs 232.2m (2022: Rs 200m) for the Group and Rs 813.9m (2022: Rs 633m) for the Company. The rental income arising during the year amounted to Rs 13m (2022: Rs 12.3m) for the Group and for the Company Rs 46.2m (2022: Rs 45.3m). Direct operating expenses incurred on the investment properties for the Company during the year was Rs 0.1m (2022: Rs 0.1m) and Nil (2022: Nil) for the Group. Investment properties valued using the income approach have been classified as level 2 amounting to Rs 77.1m (2022: Rs 60m) and those valued using the depreciated replacement cost have been classified as level 3 amounting to Rs 155m (2022: Rs 140m). The significant input for level 2 is the price per square metre and for level 3, it is the depreciation rate.

There has been no change in the valuation technique during the year. The Group and the Company have no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

The Directors have reviewed the carrying value of the investment properties and are of the opinion that as at June 30, 2023, the carrying value has not suffered any impairment.

8. BEARER BIOLOGICAL ASSETS

	THE GROUP
Plant canes	**2023**
	Rs'000
At July 01,	**-**
Expenditure during the year	**1,125**
At June 30,	**1,125**

Other information:	**2023**
Area harvested (Arpents)	**38**
Cost per Arpent (Rs)	**29,678**

The Directors made an assessment of the carrying value of the bearer plants as at June 30, 2023 and concluded that no impairment was required based on their forecasts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9(a). INTANGIBLE ASSETS

	THE GROUP					THE COMPANY
	Computer Software	Goodwill	Customer relationships	Brand name	Total	Computer Software
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST						
At July 01, 2021	136,706	134,103	-	-	270,809	45,030
Additions	16,229	-	-	-	16,229	2,423
Acquisition of subsidiary (note 37)	1,749	340,686	20,627	60,838	423,900	-
Write-off	(1,935)	-	-	-	(1,935)	(26)
Disposal	(1,841)	-	-	-	(1,841)	-
Work in progress	5,384	-	-	-	5,384	5,384
At June 30, 2022	156,292	474,789	20,627	60,838	712,546	52,811
Additions	23,324	-	-	-	23,324	3,260
Acquisition of subsidiary (note 37)	1,249	120,195	-	-	121,444	-
Transfer from plant and equipment (note 5)	94	-	-	-	94	-
Write-off	(959)	-	-	-	(959)	-
Work in progress	1,123	-	-	-	1,123	1,123
At June 30, 2023	**181,123**	**594,984**	**20,627**	**60,838**	**857,572**	**57,194**
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At July 01, 2021	71,926	128,671	-	-	200,597	28,497
Amortisation charge	19,278	-	2,750	-	22,028	4,862
Write-off	(291)	-	-	-	(291)	(26)
Impairment loss	-	340,686	-	-	340,686	-
Disposal	(1,841)	-	-	-	(1,841)	-
At June 30, 2022	89,072	469,357	2,750	-	561,179	33,333
Amortisation charge	23,318	-	4,125	-	27,443	5,432
Transfer to plant and equipment (note 5)	(70)	-	-	-	(70)	(70)
Write-off	(959)	-	-	-	(959)	-
Acquisition of subsidiary (note 37)	1,077	-	-	-	1,077	-
At June 30, 2023	**112,438**	**469,357**	**6,875**	**-**	**588,670**	**38,695**
CARRYING AMOUNT						
At June 30, 2023	**68,685**	**125,627**	**13,752**	**60,838**	**268,902**	**18,499**
At June 30, 2022	67,220	5,432	17,877	60,838	151,367	19,478

Before recognition of impairment losses, the carrying amount of goodwill indefinite lives have been allocated to the following cash-generating units:

	2023	2022
Amounts recognised in profit or loss	**Rs'000**	Rs'000
Agriculture	**5,432**	5,432
Core business	**460,881**	340,686
	466,313	346,118

Agriculture

Compagnie de Gros Cailloux Limitée

The recoverable amount of that cash generating unit (CGU) has been determined using the fair value less costs to sell model of properties. Fair value less cost to sell is adjusted for with other assets and liabilities of the CGU. No impairment was required as a result of the analysis.

The fair value less costs to sell calculation is most sensitive to the following main assumption:

Selling prices - The prices are obtained from the relevant bodies and adjusted for expected changes for future periods.

Management believes that reasonably possible changes in the above assumption will not cause the carrying amount of the CGU to materially exceed its recoverable amount. A 5% decrease in the unit selling price will still result in a recoverable amount lower than the carrying amount.

Core business

Flacq Associated Stonemasters Limited (FAST)

On March 31, 2023, the Group acquired Flacq Associated Stonemasters Limited ("FAST") and recorded a goodwill of Rs 120.2m. The recoverable amount is based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five year period and a discount rate of 13.60% per annum.

The Directors have reviewed the carrying value of goodwill at June 30, 2023 and are of the opinion that no impairment losses need to be recognised.

Premix Ltd (formerly known as Pre-Mixed Concrete Ltd)

On October 27, 2021, the Group exercised its first right of refusal in the acquisition of Premix Ltd after considering the CGU's synergies (note 37) to the Group. The recoverable amount is based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five year period and a range of discount rate of 14.45% to 15.54% per annum. However, the purchase price agreed and paid was significantly higher than the net asset value of the CGU at the acquisition date.

The Directors have consequently determined to write off the goodwill directly related to Premix Ltd as the goodwill will not be sustained in future years. No other write-down of the assets of Premix Ltd is considered necessary.

In 2022, impairment losses amounting to Rs 340.7m were attributable to the CGU of Premix Ltd to reflect the loss in value of the CGU. These were done for certain non-operating and loss making units. The impairment losses were recognised in profit or loss for year ended June 30, 2022 under impairment of assets line item (note 25(c)).

9(b). LAND CONVERSION RIGHTS

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
At July 01,	**27,198**	25,622
Fair value movement	**-**	1,576
At June 30,	**27,198**	27,198

The reform of the Sugar Industry in the years 2000 necessitated redundancy payments in the form of cash and serviced land, as well as capital expenditure for capacity expansion and optimisation. These capital expenditure investments and expenses have been financed by debt. In order to assist the repayment of these debts, Government granted a tax exemption to the Sugar Industry when converting agricultural land into residential land in the form of Land Conversion Rights ("LCRs"). These LCRs are granted by the Mauritius Cane Industry Authority (MCIA) based on the qualifying costs incurred by an entity.

LCR is recognised as a non-current asset and is initially measured at fair value at the date on which the Company is entitled to receive those rights, that is when there is reasonable assurance that the LCR will be received and all the attached conditions will be complied with. The level of the fair value hierarchy within which the fair value measurement is categorised is level 2. LCRs are derecognised upon disposal (i.e. the date the recipient obtains control), or use for converting agricultural land into residential land for land projects. Any gain or loss on derecognition of the LCR is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

10. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2023	2022
	Rs'000	Rs'000
At July, 01	**1,316,261**	1,035,634
Additions (a)	**248,118**	395,259
Transfer from investment in associates (note 11)	**-**	96,805
Transfer from financial assets at fair value through other comprehensive income (note 12 (a))	**25,623**	-
Impairment (c) / (f)	**(6,560)**	(211,437)
Transfer from assets classified as held for sale (note 38)	**22,428**	-
At June, 30	**1,605,870**	1,316,261

	THE COMPANY	
	2023	2022
Analysed as follows:	**Rs'000**	Rs'000
Unquoted equity instruments	**1,181,630**	892,021
Interest free loans	**424,240**	424,240
	1,605,870	1,316,261

The Directors have assessed the recoverable amount of the investments and are of the opinion that the carrying amount has not suffered further impairment, other than that disclosed in note (c) below.

Particulars of interests in the Group's subsidiary companies:

	Country of incorporation	2023 % Holding		2022 % Holding	
OPERATIONAL		**Direct**	**Indirect**	Direct	Indirect
Flacq Associated Stonemasters Limited (FAST) (a)/(e)	Mauritius	**100.0**	**-**	9.47	-
Premix Ltd (formerly known as Pre-Mixed Concrete Ltd) (a)/(f)	Mauritius	**100.0**	**-**	100.0	-
Espace Maison Ltée	Mauritius	**100.0**	**-**	100.0	-
Compagnie de Gros Cailloux Limitée	Mauritius	**100.0**	**-**	100.0	-
Société d'Investissement Rodriguais	Mauritius	**100.0**	**-**	100.0	-
Welcome Industries Ltd	Mauritius	**-**	**75.9**	-	75.9
UBP International Ltd	Mauritius	**100.0**	**-**	100.0	-
UBP Madagascar (b)/(c) / (d)	Madagascar	**100.0**	**-**	100.0	-
United Granite Products (Private) Limited (b)/(c)/(d)	Sri-Lanka	**-**	**77.0**	-	77.0
Sainte Marie Crushing Plant Limited	Mauritius	**76.5**	**-**	76.5	-
Société des Petits Cailloux	Mauritius	**-**	**76.5**	-	76.5
Drymix Ltd (a)	Mauritius	**71.8**	**-**	71.8	-
Drymat SAS (Reunion)	Reunion	**-**	**80.0**	-	80.0
UBP Coffrages Ltée	Mauritius	**100.0**	**-**	100.0	-
DORMANT					
Pricom Ltd	Mauritius	**100.0**	**-**	100.0	-

(a) On March 31, 2023, the Company acquired the remaining 90.53% shares in Flacq Associated Stonemasters Limited (FAST) for Rs 244.8m.

In 2022, the Company acquired the remaining 51% shares in Premix Ltd (formerly known as Pre-Mixed Concrete Ltd) for Rs 285.4m and also acquired an additional 17.24% of the issued shares of Drymix Ltd for a purchase consideration of Rs 96.4m.

(b) During the year, unsecured and interest free loans of Rs 1m (2022: Rs 10.1m) and Rs 2.3m (2022: Rs 3.3m) advanced to UBP Madagascar and United Granite Products Limited respectively were accounted under investments further to management's approval.

(c) *Impairment losses, key assumptions used and sensitivity*

The Company has investments in its overseas subsidiaries of Rs 25.7m at June 30, 2023 (2022: Rs 35.8m). The impairment losses recorded during the year amounted to Rs 3.3m (2022: Rs 13.4m). These subsidiaries have been making losses over the past years and are not operating at full capacity. The Company also recorded impairment losses of Rs 3.3m (2022: nil).

In determining the recoverable amount of investment in subsidiaries, management considered the estimated recoverable amounts of the main underlying asset that each subsidiary owns, that is, property. The valuation of these properties by the management was done under the guidance of in-country experts. The level of the fair value hierarchy within which the fair value measurement is categorised is level 3. The main assumptions are area of property, estimated price and discount factors. Management applied discount rates between 30-55% where appropriate to the values of the property.

Management used reasonable assumptions in preparing the recoverable amount computation but recognise that continuous losses and operational challenges may have a further significant impact on the recoverable amount of the investment in overseas subsidiaries.

(d) During the year, the Malagasy subsidiary, UBP Madagascar, and the Sri Lankan subsidiary, United Granite Products (Private) Limited have been reclassified from held for sale (note 38) to continuing operations.

(e) Following a review of the carrying value and the recoverable amount of Flacq Associated Stonemasters Limited (FAST) as at reporting date, the Directors noted that the recoverable amount is higher than its carrying value and are of the opinion that no impairment losses need to be recognised.

(f) In 2022, following a review of the carrying value and the recoverable amount of Premix Ltd (formerly known as Pre-Mixed Concrete Ltd) as at reporting date, the Directors noted that the recoverable amount was lower than its carrying value and recognised an impairment loss of Rs 198m.

Summarised financial information of subsidiaries that have material non-controlling interests, based on their IFRS financial statements and before inter-company eliminations are provided below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

	Drymix Ltd	Welcome Industries Ltd	United Granite Products (Private) Limited	Sainte Marie Crushing Plant Limited
	Rs'000	Rs'000	Rs'000	Rs'000
2023				
Proportion of non-controlling interests	28.17%	24.10%	23.00%	23.50%
Financial position				
Non-current assets	162,985	46,903	21,187	118,311
Current assets	182,893	31,460	16,279	22,969
Non-current liabilities	(46,662)	(6,492)	(1,297)	(11,838)
Current liabilities	(104,023)	(16,871)	(168,860)	(16,855)
Net assets / (shareholders' deficit)	195,193	55,000	(132,691)	112,587
Carrying amounts of non-controlling interests	54,986	13,255	(30,519)	26,458
Comprehensive income				
Revenue	523,021	70,807	8,878	109,064
Profit / (loss) for the year	27,026	7,767	(17,740)	10,993
Other comprehensive income / (loss)	26,904	9,803	(8,998)	21,868
Total comprehensive income / (loss)	53,930	17,570	(26,738)	32,861
Profit / (loss) allocated to non-controlling interests	7,613	1,872	(4,080)	2,583
Total comprehensive income / (loss) allocated to non-controlling interests	15,192	4,234	(6,150)	7,722
Cash flows				
Operating activities	51,223	26,619	(5,957)	7,268
Investing activities	(21,392)	(13,839)	-	(6,874)
Financing activities	(14,515)	(16,419)	-	(2,000)
Net increase / (decrease) in cash and cash equivalents	15,316	(3,639)	(5,957)	(1,606)

	Drymix Ltd	Welcome Industries Ltd	United Granite Products (Private) Limited	Sainte Marie Crushing Plant Limited
	Rs'000	Rs'000	Rs'000	Rs'000
2022				
Proportion of non-controlling interests	28.17%	24.10%	23.00%	23.50%
Financial position				
Non-current assets	125,391	31,774	19,204	92,010
Current assets	179,137	47,112	21,023	29,332
Non-current liabilities	(39,286)	(9,174)	(965)	(8,351)
Current liabilities	(114,894)	(26,176)	(191,929)	(31,263)
Net assets / (shareholders' deficit)	150,348	43,536	(152,667)	81,728
Carrying amounts of non-controlling interests	42,353	10,492	(35,113)	19,206
Comprehensive income				
Revenue	467,031	69,851	32,290	101,398
Profit / (loss) for the year	21,818	12,593	(2,739)	9,110
Other comprehensive income	1,723	3,129	-	1,711
Total comprehensive income / (loss)	23,541	15,722	(2,739)	10,821
Profit / (loss) allocated to non-controlling interests	6,146	3,035	(630)	2,141
Total comprehensive income / (loss) allocated to non-controlling interests	6,631	3,789	(630)	2,543
Cash flows				
Operating activities	7,320	19,010	4,593	24,787
Investing activities	(21,486)	(23,738)	1,505	(19,424)
Financing activities	9,664	(95)	-	(2,000)
Net (decrease) / increase in cash and cash equivalents	(4,502)	(4,823)	6,098	3,363

11. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Unquoted				
At July 01,	**69,801**	183,635	**7,163**	103,968
Share of profit	**13,523**	10,678	**-**	-
Share of other comprehensive income	**4,623**	4,655	**-**	-
Transfer to investment in subsidiaries (note 10)	**-**	-	**-**	(96,805)
Deemed disposal during the year (a)	**-**	(115,993)	**-**	-
Dividend received	**(12,765)**	(13,174)	**-**	-
At June 30,	**75,182**	69,801	**7,163**	7,163

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

11. INVESTMENT IN ASSOCIATES (CONTINUED)

Details pertaining to the interests in associates are as follows:

Name of company	Principal activities	Country of incorporation	Proportion of ownership interest (direct & indirect) 2023	2022
Cement Transport Ltd	Operating a fleet of bulk cement transport truck, tractors and tankers.	Mauritius	**25.0%**	25.0%
Terrarock Ltd	Manufacture and sale of building materials.	Mauritius	**46.0%**	46.0%
Prochimad Mines et Carrières SARL	Mine operations.	Madagascar	**34.0%**	34.0%
Compagnie Mauricienne d'Entreprise Ltée	Renting of properties.	Mauritius	**20.0%**	20.0%

(a) On October 27, 2021, the Group acquired the remaining 51% shareholding in Premix Ltd (formerly known as Pre-Mixed Concrete Ltd) thereby obtaining control over the entity. Summarised financial information of the associates that are material to the Group, based on their IFRS financial statements, and reconciliation with the carrying amount of the investment in the Group's financial statements are set out below:

THE GROUP	Terrarock Ltd	Compagnie Mauricienne d'Entreprise Ltée
2023	**Rs'000**	**Rs'000**
Financial position		
Non-current assets	**110,592**	**74,913**
Cash and cash equivalents	**4,192**	**10,389**
Other current assets	**42,814**	**600**
Current trade and other payables	**(20,083)**	**(404)**
Non-current liabilities	**(17,877)**	**(2,967)**
Equity	**119,638**	**82,531**
Proportion of Group's ownership	**46%**	**20%**
Carrying amount of investments	**55,033**	**16,506**
Statement of profit or loss and other comprehensive income		
Revenue	**198,606**	**3,860**
Other income	**7,690**	**967**
Depreciation and amortisation	**(12,168)**	**-**
Other expenses	**(163,281)**	**(1,953)**
Profit before tax	**30,847**	**2,874**
Income tax expense	**(1,541)**	**(562)**
Profit for the year	**29,306**	**2,312**
Other comprehensive income	**57,883**	**-**
Total comprehensive income	**87,189**	**2,312**
Group's share of profit	**13,481**	**462**
Group's share of total comprehensive income	**40,107**	**462**

THE GROUP	**Terrarock Ltd**	**Compagnie Mauricienne d'Entreprise Ltée**
2022	**Rs'000**	**Rs'000**
Financial position		
Non-current assets	65,591	74,904
Cash and cash equivalents	250	7,364
Other current assets	43,735	1,977
Current trade and other payables	(35,140)	(1,049)
Non-current liabilities	(14,237)	(2,978)
Equity	60,199	80,218
Proportion of Group's ownership	46.0%	20.0%
Carrying amount of investments	27,692	16,044
Statement of profit or loss and other comprehensive income		
Revenue	193,617	7,125
Other income	2,369	200
Depreciation and amortisation	(15,710)	-
Other expenses	(156,291)	(683)
Profit before tax	23,985	6,642
Income tax (expense) / income	(4,173)	630
Profit for the year	19,812	7,272
Other comprehensive income	1,697	-
Total comprehensive income	21,509	7,272
Group's share of profit	9,114	1,454
Group's share of total comprehensive income	9,894	1,454

Aggregate information on individually immaterial associates.

	GROUP	
	2023	2022
	Rs'000	Rs'000
Carrying amount of investments	**3,643**	4,065
Group's share of (loss) / profit for the year	**(422)**	88
Group's share of total comprehensive (loss) / income	**(422)**	88

The associates had no other capital commitments or contingent liabilities as at June 30, 2023 and 2022 except as disclosed in note 32 and note 33 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

12. NON-CURRENT FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets at fair value through other comprehensive income (note 12 (a))	**14**	18,480	**14**	18,480
Financial assets at fair value through profit or loss (note 12 (b))	**2,278**	2,307	**1,488**	1,488
	2,292	20,787	**1,502**	19,968

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unquoted equity shares
THE GROUP AND THE COMPANY	**Rs'000**
At July 01, 2021	12,046
Fair value movement	6,434
At June 30, 2022	18,480
Transfer to investments (note 10)	(25,623)
Fair value movement	7,157
At June 30, 2023	**14**

(b) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Quoted equity shares	Unquoted equity shares	Total
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**
At July 01, 2021	382	2,256	2,638
Fair value movement (note 25)	(9)	(322)	(331)
At June 30, 2022	373	1,934	2,307
Fair value movement (note 25)	(12)	(17)	(29)
At June 30, 2023	**361**	**1,917**	**2,278**

	Unquoted equity shares
THE COMPANY	**Rs'000**
At June 30, 2023 and 2022	**1,488**

(c) FAIR VALUE HIERARCHY

The following table provides an analysis of financial assets at FVOCI and FVTPL categorised according to the fair value hierarchy disclosures in note 2.3 (b).

2023	THE GROUP			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income	-	-	14	14
Financial assets at fair value through profit or loss	361	-	1,917	2,278

2023	THE COMPANY			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income	-	-	14	14
Financial assets at fair value through profit or loss	-	-	1,488	1,488

2022	THE GROUP			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income	-	-	18,480	18,480
Financial assets at fair value through profit or loss	373	-	1,934	2,307

2022	THE COMPANY			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income	-	-	18,480	18,480
Financial assets at fair value through profit or loss	-	-	1,488	1,488

Movement in level 3 financial assets

	THE GROUP		THE COMPANY	
	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000
At July 01,	20,414	14,302	19,968	13,534
Transfer to investments (note 10)	(25,623)	-	(25,623)	-
Net unrealised changes in fair value of financial assets	7,140	6,112	7,157	6,434
At June 30,	**1,931**	20,414	**1,502**	19,968

Valuation techniques

Unlisted equity investments classified as level 3

The Group invests in companies which are not quoted in an active market. Transaction in such investments do not occur on a regular basis. The Group uses a market based valuation technique for these positions. The valuation process for the investments is completed on a yearly basis and is designed to determine a reasonable fair value while subjecting the valuation of such investment to an appropriate level of review. Yearly valuations are performed at Group level by the Directors. For assets classified as level 3, the finance professionals are responsible for documenting preliminary valuations based on their collection of financial and operating data, company specific developments, market valuation of comparable companies and model projections, among other factors. The Board then reviews the preliminary valuations and all inputs for accuracy and reasonableness. The Board finally approves all investment valuations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

12. NON-CURRENT FINANCIAL ASSETS (CONTINUED)

(c) FAIR VALUE HIERARCHY (CONTINUED)

Quantitative and qualitative information of unobservable inputs - Level 3

In 2023, the Company acquired the remaining shares in Flacq Associated Stonemasters Limited (FAST) and the entity became a subsidiary (note 37)

Private equity investments	2022	Valuation techniques	Unobservable inputs	Range	Sensitivity used	Effect on fair value
	Rs'000					Rs'000
Flacq Associated Stonemasters Limited (FAST)	18,480	Market comparables	Discount of lack of marketability	50%	+/- 5%	+/- 924

In 2022, no disclosures have been made for the remaining financial assets of Rs 1.9m for the Group and Rs 1.5m for the Company as sensivity and effect on fair value are insignificant.

13. INCOME TAX

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) In the statements of profit or loss and other comprehensive income:				
Income tax on the adjusted profit for the year	**3,701**	9,550	**-**	-
Corporate social responsibility tax	**2,994**	4,956	**1,579**	3,233
Under provision of corporate social responsibility tax	**1,660**	86	**1,253**	86
Under provision of income tax in previous year	**4,303**	1,598	**1,657**	353
Over provision of deferred tax in previous years	**(6,631)**	(8,031)	**(6,993)**	(661)
Deferred tax credit	**(12,573)**	(6,537)	**(3,904)**	(10,432)
Tax (income) / expense	**(6,546)**	1,622	**(6,408)**	(7,421)
Amount in other comprehensive income				
Deferred tax on actuarial gains and losses	**(21,200)**	(13,911)	**(18,860)**	(9,657)
Deferred tax on revaluation gain on buildings	**(90,809)**	-	**(48,338)**	-

Income tax is calculated at the rate of 17% (2022: 17%) on profit for the year as adjusted for income tax purposes inclusive of Corporate Social Responsibility (CSR) charged at 2% (2022: 2%). Following the amendments introduced by the Finance (Miscellaneous Provisions) Act 2021, the Company is eligible to a 15% tax credit on capital expenditure over 3 years, as from the year the investment is made, less any investment tax it has been allowed in the past in respect of the same capital expenditure.

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(b) In the statements of financial position:				
At July 01,	**(2,342)**	8,853	**(9,142)**	6,202
Payment during the year	**(29,300)**	(22,581)	**(8,036)**	(16,912)
Tax withheld	**(121)**	(2,321)	**-**	(2,105)
Under provision of corporate social responsibility tax	**1,660**	86	**1,253**	87
Under provision of income tax in previous year	**4,303**	1,598	**1,657**	353
Acquisition through business combination	**(463)**	(2,483)	**-**	-
Refund received during the year	**4,290**	-	**-**	-
Income tax expense	**6,694**	14,506	**1,579**	3,233
At June 30,	**(15,279)**	(2,342)	**(12,689)**	(9,142)
Analysed as:				
Income tax receivable	**(15,827)**	(10,218)	**(12,689)**	(9,142)
Income tax payable	**548**	7,876	**-**	-
	(15,279)	(2,342)	**(12,689)**	(9,142)
(c) Deferred tax:				
Deferred tax assets	**23,151**	23,813	**-**	-
Deferred tax liabilities	**(153,030)**	(55,831)	**(73,407)**	(17,106)
Net deferred tax liabilities	**(129,879)**	(32,018)	**(73,407)**	(17,106)
(d) Deferred tax liabilities				
Movement in deferred tax:				
At July 01,	**(32,018)**	(46,975)	**(17,106)**	(18,540)
Income tax effect recognised in other comprehensive income	**(112,009)**	(13,919)	**(67,198)**	(9,657)
Over provision of deferred tax in previous years	**6,631**	8,031	**6,993**	659
Acquisition of subsidiary	**(5,056)**	14,308	**-**	-
Deferred tax credit	**12,573**	6,537	**3,904**	10,432
At June 30,	**(129,879)**	(32,018)	**(73,407)**	(17,106)

Deferred tax asset on unused tax losses of Rs 54.4m (2022: Rs 103.2m) has not been recognised in respect of these tax losses due to the unpredictability of future profit streams to utilise these losses.

	THE GROUP
	Rs'000
Expiry of tax losses	
2025	**10,394**
2026	**22,919**
2027	**17,482**
2028	**3,650**
	54,445

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

13. INCOME TAX (CONTINUED)

(e) Deferred tax assets and liabilities are attributable to the following:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
Deferred tax liabilities	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- Accelerated capital allowances	**(112,143)**	(114,466)	**(84,300)**	(92,312)
- Deferred tax on revaluation gain	**(120,220)**	(26,843)	**(48,337)**	-
	(232,363)	(141,309)	**(132,637)**	(92,312)
Deferred tax assets				
- Employee benefit liabilities	**49,203**	68,216	**34,060**	55,014
- Allowance for expected credit losses	**29,003**	26,253	**9,494**	8,992
- Provision for obsolete stock	**19,432**	14,822	**15,676**	11,200
- Unutilised tax losses	**4,846**	-	**-**	-
	102,484	109,291	**59,230**	75,206
Net deferred tax liabilities	**(129,879)**	(32,018)	**(73,407)**	(17,106)

(f) The tax on profit before taxation differs from the theoretical amount that would arise using the basic income tax rate as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit / (loss) before tax	**135,464**	(55,091)	**94,362**	(109,312)
Tax calculated at the rate of 17%	**23,544**	(9,575)	**16,042**	(18,583)
Tax effect of :				
Non-allowable expenses	**32,268**	54,260	**12,016**	44,508
Income exempt from tax	**(27,298)**	(7,858)	**(14,428)**	(7,328)
Under provision of corporate social responsibility tax	**1,660**	86	**1,253**	86
Under provision of income tax in previous year	**4,303**	1,598	**1,657**	353
Over provision of deferred tax in previous years	**(6,631)**	(8,031)	**(6,993)**	(661)
Other deductibles	**(16,027)**	(1,546)	**(4,112)**	(1,546)
Investment tax credit	**(18,365)**	(27,312)	**(11,843)**	(24,250)
Tax (income) / expense	**(6,546)**	1,622	**(6,408)**	(7,421)

(g) There are no income tax consequences attached to the payment of dividends by the Group to its shareholders in either 2023 or 2022.

14. CONSUMABLE BIOLOGICAL ASSETS

	THE GROUP			
	Vegetables	Standing Cane	Plants	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 01, 2021	16,813	3,439	34,175	54,427
Production	44,645	16,979	64,331	125,955
Sales	(32,008)	(8,594)	(42,403)	(83,005)
Fair value movement	(6,318)	(4,797)	(9,176)	(20,291)
At June 30, 2022	23,132	7,027	46,927	77,086
Production	49,535	14,992	49,538	114,065
Sales	(49,082)	14,401	(52,909)	(87,590)
Fair value movement	7,321	(24,944)	17,413	(210)
At June 30, 2023	**30,906**	**11,476**	**60,969**	**103,351**

The consumable biological assets are measured at fair value determined in accordance with the level 3 of the fair value hierarchy.

(a) The main assumptions for estimating the fair values are as follows:

Vegetables	**2023**	2022
Expected area to harvest (ha)	**58**	59
Discount factor (%)	**9**	9

Standing cane	**2023**	2022
Expected area to harvest (ha)	**97**	80
Estimated yields (%)	**10.24**	10.30
Estimated price of sugar - Rs (per ton)	**25,000**	17,000

Plants	**2023**	2022
Expected area to harvest (ha)	**8**	8
Maximum maturity of plants at June 30,	**1 year**	1 year

(b) Description of significant inputs to valuation:

	Valuation technique	Significant unobservable inputs	Sensitivity of the input to value:
Standing cane	Discounted cash flows	Cane yield per hectare: 35.0 ton/Ha (2022: 34.7 ton/Ha)	1% increase/(decrease) in cane yield per Ha would result in increase/(decrease) in fair value by Rs 163,184 (2022: Rs 11,152)
		Price of sugar: Rs 25,000/ton (2022: Rs 17,000/ton)	5% increase/(decrease) in the price of sugar would result in increase/(decrease) in fair value by Rs 844,331 (2022: Rs 557,589)
		WACC: 10.5% (2022: 8.51%)	1% increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 1,407 (2022: Rs 734)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

14. CONSUMABLE BIOLOGICAL ASSETS (CONTINUED)

(b) Description of significant inputs to valuation (Continued):

	Valuation technique	Significant unobservable inputs	Sensitivity of the input to value:
Plants	Discounted cash flows	Average price of plants : Rs 329 (2022: Rs 224)	5% increase/(decrease) in price of plants would result in increase/(decrease) in fair value by Rs 3,106,687 (2022: Rs 2,882,903)
		Mortality rate: 3% (2022: 3%)	5% increase/(decrease) in mortality rate would result in (decrease)/increase in fair value by Rs 3,352,133 (2022: Rs 2,889,299)
		WACC: 18.5% (2022: 18%)	1% increase/(decrease) in WACC would result in (decrease)/increase in fair value by Rs 753,576 (2022: Rs 54,176)
Vegetables	Discounted cash flows	Discount factor: 9.1% (2022: 8.8%)	1% increase/(decrease) in discount factor would re-sult in (decrease)/increase in fair value by Rs 76,786 (2022: Rs 57,473)
		Price of vegetables: Rs 15,000-Rs 29,000 (2022: Rs 10,500-Rs 26,500)	5% increase/(decrease) in the price of vegetables would result in increase/(decrease) in fair value by Rs 2,120,240 (2022: Rs 1,606,374)

15. INVENTORIES

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Raw materials and spares (at cost)	**550,838**	404,877	**401,396**	308,046
Properties under development (a)	**9,528**	26,659	**-**	-
Work in progress (at cost)	**25,390**	58,079	**17,244**	55,312
Finished goods (at lower of cost and net realisable value)	**631,140**	665,835	**107,742**	92,414
Goods in transit	**43,983**	63,143	**16,860**	30,213
	1,260,879	1,218,593	**543,242**	485,985

The amount of write down of inventories, recognised as an expense in cost of sales was Rs 10.5m (2022: Rs 17.2m) for the Group and Rs 5.2m (2022: Rs 10m) for the Company. Included in finished goods are inventories carried at net realisable value of Rs 1.6m (2022: Rs 7.5m) for the Group.

(a) Properties under development

In 2022, Compagnie de Gros Cailloux Limitée announced its intention to develop and sell some plots of agricultural land and consequently these assets are presented as inventory. The costs are assigned by specific identification and include the cost of acqisition and ongoing development costs.

16. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**417,362**	425,906	**137,217**	120,309
Loan receivable from subsidiary	**-**	-	**218,601**	193,885
Receivables from subsidiaries	**-**	-	**225,042**	193,952
Receivables from associates	**60**	25,060	**12,153**	25,060
Other receivables	**49,008**	38,877	**15,514**	25,807
Prepayments	**95,104**	74,275	**43,085**	36,438
	561,534	564,118	**651,612**	595,451

Trade receivables are non-interest bearing and are generally on 30 days' terms.

Other receivables comprise of advances made to suppliers, amounts due from related entities amongst others.

Other receivables are non-interest bearing and having an average term of 6 months.

For terms and conditions relating to receivables from related parties, refer to note 30.

The fair values of the trade and other receivables approximate their carrying amounts.

As at June 30, 2023, the Group's and the Company's trade receivables amounting to Rs 181m (2022: Rs 160.5m) and Rs 43.8m (2022: Rs 42.2m) were impaired and provided for.

See note 4(b) on credit risk of trade receivables, which explains how the Group manages and measures the credit quality of trade receivables that are neither past due nor impaired.

The movement in the allowance for credit loss of trade receivables were as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Individually and collectively impaired				
At July 01,	**160,470**	67,923	**42,204**	31,876
Movement for the year excluding write off	**17,281**	21,487	**1,948**	10,451
Write back / (write-off)	**3,232**	(5,147)	**(313)**	(123)
Acquisition of subsidiary	**-**	76,207	**-**	-
At June 30,	**180,983**	160,470	**43,839**	42,204

An allowance for expected credit loss has also been charged for other receivables amounting to Rs 11.5m (2022: Rs 12.3m) for the Company and a charge of Rs 1.6m (2022: Rs 6m) for the Group.

17. OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Other receivables	**6,675**	6,518	**-**	-

This balance is included in note 16 under other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

18. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash at banks and on hand comprise of the following at June 30:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash at banks and on hand	**100,543**	43,698	**1,112**	8,265
Bank overdraft (note 20)	**(436,482)**	(342,408)	**(340,478)**	(262,696)
	(335,939)	(298,710)	**(339,366)**	(254,431)

The acquisition of property, plant and equipment was financed as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
Non-cash transactions	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Total acquisition cost	**623,305**	387,816	**456,911**	278,755
Financed by cash	**(595,260)**	(381,130)	**(438,361)**	(262,534)
Financed by finance leases	**28,045**	6,686	**18,550**	16,221

19. EQUITY

(a) Issued capital

	THE GROUP AND THE COMPANY			
	2023	2022	**2023**	2022
	Number of shares	Number of shares	**Rs'000**	Rs'000
Ordinary shares of no par value - At June 30,	**26,510,042**	26,510,042	**265,100**	265,100

(b) Reserves

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Share premium	**7,354**	7,354	**7,354**	7,354
Associate companies (i)	**89,616**	84,993	**-**	-
Revaluation reserve (ii)	**2,316,971**	1,861,283	**1,094,242**	819,248
Fair value reserve of financial assets through OCI (iii)	**-**	17,414	**-**	17,414
Translation reserve (iv)	**10,407**	7,071	**-**	-
Retained earnings	**1,525,994**	1,198,533	**1,547,466**	1,330,041
	3,950,342	3,176,648	**2,649,062**	2,174,057

(i) Associate companies represent reserves other than retained earnings arising on equity accounting of associates.

(ii) The revaluation reserve represents the cummulative fair value movements on revaluation of land and buildings.

(iii) Fair value reserve of financial assets through OCI represents the cummulative fair value changes on FVOCI assets.

(iv) The translation reserve represents the cummulative exchange differences arising from the translation of the financial statements of overseas operations.

20. INTEREST-BEARING LOANS AND BORROWINGS

(a) Loans and bank overdrafts

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current				
Bank loans (note (i))	**459,034**	269,143	**429,536**	227,143
Long Term Secured Promissory Note (note(iii))	**-**	650,000	**-**	650,000
	459,034	919,143	**429,536**	877,143
Current				
Bank overdrafts (note 18)	**436,482**	342,408	**340,478**	262,696
Bank loans (note (i))	**415,486**	251,857	**400,657**	237,857
Unsecured loans (note (ii))	**7,734**	25,990	**25,210**	66,317
Long Term Secured Promissory Note (note(iii))	**655,975**	3,386	**655,975**	3,386
	1,515,677	623,641	**1,422,320**	570,256
Total borrowings	**1,974,711**	1,542,784	**1,851,856**	1,447,399

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Bank loans are payable as follows:				
Within one year	**415,486**	251,857	**400,657**	237,857
After one year and before two years	**459,034**	269,143	**429,536**	227,143
	874,520	521,000	**830,193**	465,000

Bank loans and overdrafts are secured by fixed and floating charges on the Group's assets and bear interest between +4.08% and +7.75% per annum.

(ii) Unsecured loans were repayable at call, the rates of interest per annum at June 30, 2023 was 7.41% (2022: 3.25%).

(iii) In October and November 2018, the Company took a Long Term Secured Promissory Note of Rs 650m. These bear interest at a key rate +1.0% and are fully repayable in October 2023 through a bank loan. These notes are secured by a floating charge over all assets.

(b) Lease liabilities

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Lease liabilities are split as follows:				
Non-current	**279,324**	220,995	**110,327**	79,517
Current	**83,282**	61,957	**34,171**	22,204
	362,606	282,952	**144,498**	101,721

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

20. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities (Continued)

(i) Maturity analysis of lease payments

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Year 1	104,970	71,604	42,623	26,905
Year 2	95,982	48,217	42,732	26,613
Year 3	76,541	42,400	36,649	26,713
Year 4	65,047	33,205	28,683	20,755
Year 5	37,939	72,394	9,450	12,974
Onwards	28,926	46,166	5,568	54
	409,405	313,986	165,705	114,014

The Group does not face significant liquidity risk with regards to its lease liabilities. All the lease obligations are denominated in Mauritian Rupees.

(c) Changes in financial liabilities arising from financing activities

2023	July 01,	Cash inflows	Other	Cash outflows	June 30,
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Lease liabilities	282,952	-	156,763	(77,109)	362,606
Bank loans	521,000	1,327,933	-	(974,413)	874,520
Unsecured loans	25,990	2,528,752	158	(2,547,166)	7,734
Long Term Secured Promissory Note	653,386	-	5,971	(3,382)	655,975
	1,483,328	3,856,685	162,892	(3,602,070)	1,900,835
THE COMPANY					
Lease liabilities	101,721	-	70,936	(28,159)	144,498
Bank loans	465,000	1,324,400	-	(959,207)	830,193
Unsecured loans	66,317	2,616,252	975	(2,658,334)	25,210
Long Term Secured Promissory Note	653,386	-	5,971	(3,382)	655,975
	1,286,424	3,940,652	77,882	(3,649,082)	1,655,876

2022	July 01,	Cash inflows	Other	Cash outflows	June 30,
THE GROUP	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Lease liabilities	132,563	-	196,185	(45,796)	282,952
Bank loans	145,000	615,000	-	(239,000)	521,000
Unsecured loans	32,485	893,500	14,365	(914,360)	25,990
Long Term Secured Promissory Note	653,098	-	3,384	(3,096)	653,386
	963,146	1,508,500	213,934	(1,202,252)	1,483,328
THE COMPANY					
Lease liabilities	33,747	-	79,317	(11,343)	101,721
Bank loans	75,000	615,000	-	(225,000)	465,000
Unsecured loans	46,308	933,950	736	(914,677)	66,317
Long Term Secured Promissory Note	653,098	-	3,384	(3,096)	653,386
	808,153	1,548,950	83,437	(1,154,116)	1,286,424

The 'Other' column includes non-cash transactions such as additions to finance leases, dividend declaration during the year, movement in discontinued operations during the year and interest accrued but not yet paid on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

21. EMPLOYEE BENEFIT LIABILITIES

The Group operates defined benefits schemes and defined contribution schemes. It also provides for retirement gratuities under the Workers' Rights Act 2019 (WRA).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

21. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

The liabilities in respect of the schemes are analysed as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Defined benefit plan - IBL Pension Fund (note a)	**165,972**	259,917	**122,058**	210,418
Defined benefit plan - Deposit Administration Policy (note b)	**7,871**	9,559	**-**	-
Retirement gratuities under the Workers' Rights Act (WRA) (note c)	**104,953**	137,224	**68,812**	100,750
Retirement gratuities under pension for life (note d)	**373**	418	**-**	-
Retirement gratuities under unfunded pensioners' (note e)	**9,481**	12,446	**9,481**	12,446
	288,650	419,564	**200,351**	323,614

(a) Defined benefit plan - IBL Pension Fund

The assets of the plan are invested in the IBL Pension Fund which includes a diversified portfolio of asset classes. In view of exposure to Equities, we expect some volatility in the return from one year to the other.

(i) The amounts recognised in the statements of financial position in respect of defined benefit obligation are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligation	**575,621**	645,681	**443,047**	515,692
Fair value of plan assets	**(409,649)**	(385,764)	**(320,989)**	(305,274)
Benefit liability	**165,972**	259,917	**122,058**	210,418

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**259,917**	284,369	**210,418**	227,593
Amounts recognised in profit or loss	**33,804**	39,557	**22,864**	27,789
Amounts recognised in other comprehensive income	**(90,576)**	(25,739)	**(81,667)**	(14,679)
Employer's contribution	**(37,173)**	(38,270)	**(29,557)**	(30,285)
At June 30,	**165,972**	259,917	**122,058**	210,418

(ii) Changes in the present value of the defined benefit obligation are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**645,681**	650,208	**515,692**	520,288
Amounts recognised in profit or loss:				
Current service cost	**21,191**	24,026	**13,521**	15,895
Interest cost	**25,683**	31,461	**19,703**	24,610
	46,874	55,487	**33,224**	40,505
Benefit paid	**(22,467)**	(16,099)	**(21,156)**	(15,314)
Amounts recognised in other comprehensive income:				
Gains due to changes in financial assumptions	**(84,256)**	(32,870)	**(84,713)**	(29,787)
Actuarial gains	**(10,292)**	(11,147)	**-**	-
	(94,548)	(44,017)	**(84,713)**	(29,787)
Employee's contribution	**81**	102	**-**	-
At June 30,	**575,621**	645,681	**443,047**	515,692

(iii) Changes in the fair value of plan assets are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**385,764**	365,839	**305,274**	292,695
Amounts recognised in profit or loss:				
Current cost	**(1,416)**	(1,363)	**(1,085)**	(1,046)
Cost of insuring risk benefits	**(950)**	(974)	**(590)**	(603)
Interest income	**15,436**	18,267	**12,035**	14,365
	13,070	15,930	**10,360**	12,716
Benefit paid	**(22,467)**	(16,099)	**(21,156)**	(15,314)
Amounts recognised in other comprehensive income:				
Losses due to changes in financial assumptions	**(204)**	(15,108)	**(3,046)**	-
Actuarial losses	**(3,768)**	(3,170)	**-**	(15,108)
	(3,972)	(18,278)	**(3,046)**	(15,108)
Employer's contribution	**37,173**	38,270	**29,557**	30,285
Employee's contribution	**81**	102	**-**	-
At June 30,	**409,649**	385,764	**320,989**	305,274

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

21. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(a) Defined benefit plan - IBL Pension Fund (Continued)

(iv) Return on assets

The actual return on plan assets for the Company was (Rs 0.6m) for the year ended June 30, 2023.

The actual return on plan assets for the Group was (Rs 0.9m) for the year ended June 30, 2023.

(v) Maturity profile of the defined benefit obligation

The weighted average duration of the liabilities for the Group and the Company as at June 30, 2023 is 12.5 years and 11 years respectively.

(vi) Expected contribution for the next year

The Group and the Company are expected to contribute Rs 40m and Rs 30m respectively to the pension scheme for the year ending June 30, 2024.

The main actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	%	%	**%**	%
Discount rate	**5.0-6.0**	3.9-5.0	**5.3**	3.9
Future salary increase	**1.0**	1.0	**1.0**	1.0

Mortality during active service is assumed to follow that of the standard table known as A67/70 Ultimate. Mortality after retirement is assumed to follow that of the standard table known as the SWAN annuity rates 2023/PNA00 and PA90.

Employees are assumed to retire at 60. No allowance has been made for early retirement on the grounds of ill-health or otherwise, or for late retirements.

(vii) Settlements and curtailments

There have been no events that would need to be treated as settlements or curtailments under IAS 19.

(viii) Risks associated with the plans

The Defined Benefit Plans expose the Group and the Company to actuarial risks such as longevity risk, interest rate risk, market (investment) risk and salary risk.

Longevity risk

The liabilities disclosed are based on the mortality tables SWAN annuity rates 2023/PNA00 and PA90.

The liabilities will increase if:

1. the experience of the pension plans is less favourable than the standard mortality tables; and

2. there is an improvement in mortality and the buyout rate is reviewed.

Interest rate risk

If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate and would therefore increase.

Investment risk

The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise. (For funded benefits only).

Salary risk

If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

Sensitivity analysis on defined benefit obligation at the end of the year:

	THE GROUP		THE COMPANY	
	Impact		Impact	
	2023	2022	**2023**	2022
Discount rate	**Rs'000**	Rs'000	**Rs'000**	Rs'000
1% increase	**(63,397)**	(76,868)	**(47,538)**	(59,784)
1% decrease	**77,857**	96,111	**57,849**	74,342
Salary increase				
1% increase	**28,484**	34,767	**19,087**	24,043
1% decrease	**(25,100)**	(30,426)	**(16,940)**	(21,174)

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remain unchanged.

The funded retirement benefit obligations have been based on the report dated August 28, 2023 from Swan Actuarial Services Ltd, calculated for the Group and the Company for the year ended June 30, 2023.

(ix) The major categories of the planned assets are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	%	%	**%**	%
Local equities	**31.9**	33.4	**32.0**	33.6
Overseas equities and mutual funds	**34.5**	34.8	**34.8**	35.0
Fixed interest	**33.1**	31.3	**33.2**	31.4
Property	**0.5**	0.5	**-**	-
	100.0	100.0	**100.0**	100.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

21. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(b) Defined benefit plan - Deposit Administration Policy

The assets of the plan are invested in the Deposit Administration Policy underwritten by SWAN Life which is a pooled insurance product for Group Pension Schemes. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

(i) The amounts recognised in the statements of financial position in respect of defined benefit obligation are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligation	**33,296**	34,620	**-**	-
Fair value of plan assets	**(25,425)**	(25,061)	**-**	-
Benefit liability	**7,871**	9,559	**-**	-

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**9,559**	-	**-**	-
Acquisition of subsidiary	**-**	21,321	**-**	-
Amounts recognised in profit or loss	**1,933**	1,709	**-**	-
Amounts recognised in other comprehensive income	**(2,169)**	(11,525)	**-**	-
Employer's contribution	**(1,452)**	(1,946)	**-**	-
At June 30,	**7,871**	9,559	**-**	-

(ii) Changes in the present value of the defined benefit obligation are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**34,620**	-	**-**	-
Acquisition of subsidiary	**-**	43,834	**-**	-
Amounts recognised in profit or loss:				
Current service cost	**1,355**	876	**-**	-
Interest cost	**1,568**	1,387	**-**	-
	2,923	2,263	**-**	-
Benefit paid	**(2,530)**	(250)	**-**	-
Amounts recognised in other comprehensive income:				
Actuarial gains	**(1,717)**	(11,227)	**-**	-
At June 30,	**33,296**	34,620	**-**	-

		THE GROUP		THE COMPANY	
		2023	2022	**2023**	2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
(iii)	**Changes in the fair value of plan assets are as follows:**				
	At July 01,	**25,061**	-	**-**	-
	Acquisition of subsidiary	**-**	22,513	**-**	-
	Amounts recognised in profit or loss:				
	Current cost	**(59)**	(74)	**-**	-
	Cost of insuring risk benefits	**(100)**	(110)	**-**	-
	Interest income	**1,149**	738	**-**	-
		990	554	**-**	-
	Benefit paid	**(2,530)**	(250)	**-**	-
	Amounts recognised in other comprehensive income:				
	Actuarial gains	**452**	298	**-**	-
	Employer's contribution	**1,452**	1,946	**-**	-
	At June 30,	**25,425**	25,061	**-**	-

(iv) Return on assets

The actual return on plan assets for the Group was Rs 1.6m for the year ended June 30, 2023.

(v) Maturity profile of the defined benefit obligation

The weighted average duration of the liabilities for the Group as at June 30, 2023 is 11 years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

21. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(b) Defined benefit plan - Deposit Administration Policy (Continued)

(vi) Expected contribution for the next year

The Group is expected to contribute Rs 2.5m to the pension scheme for the year ending June 30, 2024.

The main actuarial assumptions used for accounting purposes were:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	%	%	**%**	%
Discount rate	**5.3**	4.7	**-**	-
Future salary increase	**1.0**	1.0	**-**	-
Future guaranteed pension increase	**0.0**	0.0	**-**	-
Post retirement mortality	**Swan Annuity Rates 2023**	Swan Annuity Rates 2022	**-**	-

Sensitivity analysis on defined benefit obligation at the end of the year:

	THE GROUP Impact		THE COMPANY Impact	
	2023	2022	**2023**	2022
Discount rate	**Rs'000**	Rs'000	**Rs'000**	Rs'000
1% increase	**(3,361)**	(2,788)	**-**	-
1% decrease	**3,936**	3,266	**-**	-
Salary increase				
1% increase	**2,858**	2,873	**-**	-
1% decrease	**(2,495)**	(2,489)	**-**	-

The sensitivity analyses above have been determined based on sensibly possible changes of the discount rate or salary increase rate occurring at the end of the reporting period if all other assumptions remain unchanged.

The funded retirement benefit obligations have been based on the report dated August 28, 2023 from Swan Actuarial Services Ltd, calculated for the Group and the Company for the year ended June 30, 2023.

(vii) The major categories of the planned assets are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	%	%	**%**	%
Qualifying insurances policies	**100.0**	100.0	**-**	-

(c) Retirement gratuities under the Workers' Rights Act (WRA)

WRA provides for a lump sum at retirement or death, whichever occurs earlier, based on final salary and years of service. Prior to the implementation of the Portable Retirement Gratuity Fund (PRGF), these benefits were unfunded as at December 31, 2019 and employees who resign as from 2020, are eligible for a portable gratuity benefit based on service with the employer as from January 01, 2020 and remuneration at exit (same benefit formula as for retirement/death gratuity). However, as from January 2022, the Group and the Company have started to contribute to PRGF.

The Group and the Company have recognised a net defined liabilities of Rs 105m and Rs 68.8m respectively in the statements of financial position as at June 30, 2023 (2022: Group Rs 137.2m and Company Rs 100.8m) in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Workers' Rights Act 2019.

The retirement gratuities have been based on the report dated August 21, 2023 from AON Solutions Ltd, calculated for the Group and the Company for the year ended June 30, 2023.

The amounts recognised in the statements of financial position in respect of retirement gratuities are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of retirement gratuities	120,799	143,339	80,016	105,433
Fair value of PRGF assets	(15,846)	(6,115)	(11,204)	(4,683)
Benefit liability	104,953	137,224	68,812	100,750

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	137,224	174,061	100,750	138,423
Acquisition of subsidiary	6,276	4,784	-	-
Amounts recognised in profit or loss	15,080	20,826	10,294	15,369
Benefit paid	1	-	-	-
Amounts recognised in other comprehensive income	(35,208)	(49,686)	(27,539)	(42,752)
Employer's contribution	(19,717)	(12,761)	(14,693)	(10,290)
Transfer from discontinuing operation (note 38)	1,297	-	-	-
At June 30,	104,953	137,224	68,812	100,750

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

21. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(c) Retirement gratuities under the Workers' Rights Act (WRA)

		THE GROUP		THE COMPANY	
		2023	2022	**2023**	2022
(i)	**Movement in the liability recognised in the statements of financial position:**	**Rs'000**	Rs'000	**Rs'000**	Rs'000
	Present value of retirement gratuities	**120,799**	143,339	**80,016**	105,433
(ii)	**Movement of the retirement gratuities**				
	At July 01,	**143,339**	174,061	**105,433**	138,423
	Acquisition of subsidiary	**6,723**	4,784	**-**	-
	Amounts recognised in profit or loss:				
	Current service cost	**9,229**	12,683	**5,702**	9,055
	Interest expense	**6,069**	8,143	**4,592**	6,314
	Past service cost	**267**	-	**-**	-
		15,565	20,826	**10,294**	15,369
	Amounts recognised in other comprehensive income:				
	Liability experience gains	**(10,985)**	(5,096)	**(9,817)**	(4,106)
	Gains due to changes in financial assumptions	**(24,708)**	(44,590)	**(17,722)**	(38,646)
		(35,693)	(49,686)	**(27,539)**	(42,752)
	Benefit paid	**(10,432)**	(6,646)	**(8,172)**	(5,607)
	Transfer from discontinuing operation (note 38)	**1,297**	-	**-**	-
	At June 30,	**120,799**	143,339	**80,016**	105,433

		THE GROUP		THE COMPANY	
		2023	2022	**2023**	2022
		Rs'000	Rs'000	**Rs'000**	Rs'000
(iii)	**Changes in the fair value of PRGF assets are as follows:**				
	At July 01,	**6,115**	-	**4,683**	-
	Acquisition of subsidiary	**447**	-	**-**	-
	Amounts recognised in profit or loss:				
	Interest income	**485**	-	**-**	-
	Benefit paid	**(10,433)**	(6,646)	**(8,172)**	(5,607)
	Amounts recognised in other comprehensive income:				
	Actuarial losses	**(485)**	-	**-**	-
	Employer's contribution	**19,717**	12,761	**14,693**	10,290
	At June 30,	**15,846**	6,115	**11,204**	4,683

Principal assumptions used were as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
Financial assumptions:	**%**	%	**%**	%
Discount rate	**4.7 - 5.5**	2.4 - 5.0	**5.5**	4.6
Future salary increase	**1.0 - 4.0**	1.0 - 4.0	**1.0 - 4.0**	1.0 - 4.0
Future pension increase	**1.9**	1.9	**1.9**	1.9

Demographic assumptions:

Withdrawal before retirement	5% per annum to age 40, reducing to nil after age 45.
Mortality before retirement	A1967/70(2) Ultimate
Mortality in retirement	PA90 (rated down by 2 years)
Average retirement age	65.

(iv) Sensitivity analysis on retirement gratuities at the end of the year:

	THE GROUP		THE COMPANY	
	Impact		Impact	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
1% increase in discount rate	**(11,598)**	(14,674)	**(7,348)**	(10,139)
1% decrease in discount rate	**13,663**	17,338	**8,620**	11,920
1% increase in future salary increase	**13,699**	16,682	**8,660**	10,806
1% decrease in future salary increase	**(12,873)**	(20,702)	**(8,438)**	(15,388)

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate and future salary increase while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

21. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(c) Retirement gratuities under the Workers' Rights Act (WRA) (Continued)

(v) Future cash flows

-The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.

-The expected employer contribution for the next year is Rs 13.9m. (2022: Rs 13.5m)

-The weighted average duration of the defined benefit obligation for both the Group and the Company is 10 years.

(d) Retirement gratuities under pension for life

The plan provides for a pension for life paid from one of the subsidiary of the Group's cashflow.

The amounts recognised in the statements of financial position in respect of retirement gratuities under pension for life plan are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of retirement gratuities	**373**	418	**-**	-

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**418**	610	-	-
Amounts recognised in profit or loss	**8**	12	-	-
Benefit paid	**(149)**	(149)	-	-
Amounts recognised in other comprehensive income	**96**	(55)	-	-
At June 30,	**373**	418	-	-

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Movement in the liability recognised in the statements of financial position:				
Present value of retirement gratuities	**373**	418	**-**	-
(ii) Movement of the retirement gratuities				
At July 01,	**418**	610	**-**	-
Amount recognised in profit or loss:				
Interest expense	**8**	12	**-**	-
Amount recognised in other comprehensive income:				
Losses / (gains) due to changes in financial assumptions	**96**	(55)	**-**	-
Benefit paid	**(149)**	(149)	**-**	-
At June 30,	**373**	418	**-**	-

(iii) Principal assumptions used were as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
Financial assumptions:	**%**	%	**%**	%
Discount rate	**4.70**	2.4	-	-
Demographic assumptions:				
Post retirement mortality tables	**PNA00**			

(iv) Sensitivity analysis on retirement gratuities at the end of the year:

	THE GROUP		THE COMPANY	
	Impact		Impact	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
1% increase in discount rate	**(7)**	(9)	-	-
1% decrease in discount rate	**8**	10	-	-

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate and future salary increase while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

(v) Future cash flows

-The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.

-The weighted average duration of the defined benefit obligation for the Group is 3 years (2022: 3 years)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

21. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

(e) Retirement gratuities under unfunded pensioners

The Company pays a pension out of its cashflow to some former employees after retirement.

The amounts recognised in the statements of financial position in respect of retirement gratuities under unfunded pension plan are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of retirement gratuities	**9,481**	12,446	9,481	12,446
Fair value of assets	**-**	-	-	-
Benefit liability	**9,481**	12,446	9,481	12,446

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
At July 01,	**12,446**	12,822	**12,446**	12,822
Amounts recognised in profit or loss	**494**	507	**494**	507
Benefit paid	**-**	(1,508)	**-**	(1,508)
Amounts recognised in other comprehensive income	**(2,094)**	625	**(2,094)**	625
Employer's contribution	**(1,365)**	-	**(1,365)**	-
At June 30,	**9,481**	12,446	**9,481**	12,446

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(i) Movement in the liability recognised in the statements of financial position:				
Present value of retirement gratuities	**9,481**	12,446	**9,481**	12,446
(ii) Movement of the retirement gratuities				
At July 01,	**12,446**	12,822	**12,446**	12,822
Amount recognised in profit or loss:				
Interest expense	**494**	507	**494**	507
Amount recognised in other comprehensive income:				
Liability experience losses	**489**	320	**489**	320
(Gains) / losses due to changes in financial assumptions	**(2,583)**	305	**(2,583)**	305
	(2,094)	625	**(2,094)**	625
Benefit paid	**(1,365)**	(1,508)	**(1,365)**	(1,508)
At June 30,	**9,481**	12,446	**9,481**	12,446

	THE GROUP 2023	THE GROUP 2022	THE COMPANY 2023	THE COMPANY 2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(iii) Changes in the fair value of assets are as follows:				
At July 01,	**-**	-	-	-
Benefit paid	**(1,365)**	-	(1,365)	-
Employer's contribution	**1,365**	-	1,365	-
At June 30,	**-**	-	-	-

(iv) Principal assumptions used were as follows:

	THE GROUP 2023	THE GROUP 2022	THE COMPANY 2023	THE COMPANY 2022
Financial assumptions:	**%**	%	**%**	%
Discount rate	**5.4**	4.2	**5.4**	4.2

(v) Sensitivity analysis on retirement gratuities at the end of the year:

	THE GROUP Impact 2023	THE GROUP Impact 2022	THE COMPANY Impact 2023	THE COMPANY Impact 2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
1% increase in discount rate	**(594)**	(937)	**(594)**	(937)
1% decrease in discount rate	**686**	1,110	**686**	1,110

(vi) Future cash flows

-The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.

-The expected employer contribution for the next year is Rs 1.4m. (2022: Rs 1.5m)

-The weighted average duration of the defined benefit obligation for the Group and the Company is 7 years.

	THE GROUP 2023	THE GROUP 2022	THE COMPANY 2023	THE COMPANY 2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(f) Defined contribution expenses	**12,586**	9,939	**5,893**	6,141

	THE GROUP 2023	THE GROUP 2022	THE COMPANY 2023	THE COMPANY 2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(g) State plan	**32,649**	28,421	**18,797**	17,324

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

22. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**294,484**	350,538	**55,924**	59,330
Payables to subsidiaries	**-**	-	**21,742**	35,384
Payables to associates	**10,062**	15,758	**-**	-
Other payables and accruals	**363,558**	220,699	**247,185**	139,610
	668,104	586,995	**324,851**	234,324

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Other payables are non-interest bearing and have an average term of six months.

For terms and conditions relating to payables to related parties, refer to note 30.

Other payables comprise mainly of accruals, deferred income and deposits from customers amongst others.

The carrying amounts of trade and other payables approximate their fair values.

As at 30 June 2023, the estimated liability for unredeemed points was Rs 4.3m (2022: Rs 4.4m) and is included in other payables and accruals for the Group.

23. OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Advance from customers	**8,965**	10,797	**-**	-

Advance from customers are included in note 22 under other payables and accruals.

24. REVENUE

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sale of goods	**4,441,676**	3,868,802	**2,001,711**	1,807,111
Rendering of services	**241,220**	204,733	**156,115**	145,531
	4,682,896	4,073,535	**2,157,826**	1,952,642

(a) Disaggregation of revenue

Set out below is the disaggregation of the Group and Company's revenue:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Sale of building materials	**3,005,295**	2,603,280	**2,001,711**	1,807,111
Sale of goods (interior finishes and garden accessories)	**1,210,203**	1,141,732	**-**	-
Sale of agricultural goods	**161,294**	123,790	**-**	-
Rendering of services	**156,115**	145,531	**156,115**	145,531
Project revenue	**85,105**	59,202	**-**	-
Sale of land	**64,884**	-	**-**	-
	4,682,896	4,073,535	**2,157,826**	1,952,642
Timing of revenue recognition				
At a point in time	**4,597,791**	4,014,333	**2,157,826**	1,952,642
Over time	**85,105**	59,202	**-**	-
	4,682,896	4,073,535	**2,157,826**	1,952,642

25. OPERATING PROFIT

Operating profit is arrived at after:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Crediting:				
- Rental income	**17,872**	17,101	**46,207**	45,510
- Other operating income	**111,897**	106,160	**114,844**	74,917
- Profit on disposal of property, plant and equipment	**8,568**	5,064	**6,396**	6,629
(b) Charging:				
- Cost of sales	**3,318,754**	2,846,064	**1,515,697**	1,311,105
- Administrative expenses	**1,162,551**	1,063,278	**688,851**	646,299
- Fair value loss on financial assets at fair value through profit or loss (11 (b))	**29**	331	**-**	-
- Selling and distribution costs	**92,242**	87,446	**7,618**	8,948
Depreciation of property, plant and equipment	**271,322**	249,931	**179,707**	170,663
Depreciation of investment properties	**2,104**	3,735	**18,053**	19,075
Amortisation of right of use assets	**80,136**	44,552	**30,669**	13,662
Property, plant and equipment written off	**1,111**	65	**-**	-
Intangible assets written off	**-**	1,644	**-**	-
Right of use assets written off	**-**	2,377	**-**	-
Right of use assets derecognised	**(716)**	-	**-**	-
Cost of inventories recognised as expenses	**1,980,409**	1,980,409	**748,160**	748,160
Fair value movement on land conversion rights	**-**	1,576	**-**	-
Amortisation of intangible assets	**27,443**	22,028	**5,432**	4,862
Staff costs (note (f))	**800,224**	766,999	**422,146**	457,452

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

25. OPERATING PROFIT (CONTINUED)

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(c) Impairment of assets				
- Impairment in interest in subsidiaries	**-**	-	**6,560**	211,437
- Impairment of goodwill from acquisition of subsidiary	**-**	340,686	**-**	-
- Impairment of plant and machinery on discontinuing operations	**-**	7,414	**-**	-
	-	348,100	**6,560**	211,437
(d) Allowance for expected credit losses on financial assets				
- Trade receivables	**17,281**	21,487	**1,948**	10,451
- Other receivables	**1,818**	1,794	**1,818**	1,793
	19,099	23,281	**3,766**	12,244
(e) Gain on deemed disposal of associate	**-**	158,236	**-**	-

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
(f) Included in cost of sales and administrative expenses are:				
Analysis of staff costs:				
- Wages and salaries	**657,498**	627,441	**359,917**	392,241
- Social security costs	**33,921**	30,188	**18,801**	17,332
- Pension costs	**108,805**	109,370	**43,428**	47,879
	800,224	766,999	**422,146**	457,452

26. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Dividend income	**957**	2,075	**74,617**	36,290
Interest income	**-**	50	**12,917**	8,518
	957	2,125	**87,534**	44,808

27. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest expense on :				
Bank overdrafts	**11,545**	8,032	**9,315**	7,451
Bank loans	**38,622**	6,681	**35,941**	4,246
Loans at call	**3,577**	1,872	**8,997**	2,785
Long Term Secured Promissory Note	**30,795**	18,952	**30,795**	18,952
Leases (note 6)	**19,405**	11,523	**7,273**	2,870
Others	**3,630**	12,430	**3,632**	7,481
	107,574	59,490	**95,953**	43,785

28. EARNINGS / (LOSS) PER SHARE

	THE GROUP	
	2023	2022
Profit / (loss) attributable to equity holders of the parent (Rs'000)	**133,660**	(67,553)
Number of shares in issue	**26,510,042**	26,510,042
Basic earnings / (loss) per share (Rs)	**5.04**	(2.55)

29. DIVIDENDS

In 2023, no dividend was declared or paid by the Company. In 2022, the Board of Directors declared a final dividend of Rs 3.00 per share on May 11, 2022 which amounted to Rs 79.5m and was paid on June 16, 2022. Dividend amounting to Rs 4.9m was declared by subsidiaries to non-controlling interests parties (2022: Rs 6.7m) and Rs 4.3m (2022: Rs 6.7m) was still unpaid at year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

30. RELATED PARTY DISCLOSURES

THE GROUP	Associate companies		Key management personnel		Enterprises with common major shareholders	
	2023	2022	**2023**	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
(a) Nature of transactions						
Purchase of goods and services	**59,796**	26,612	**-**	-	**117,525**	138,803
Sale of goods and services	**87,598**	101,042	**1,005**	1,517	**16,275**	53,041
Management fees received	**3,603**	2,775	**-**	-	**5,523**	9,653
Rental income	**-**	-	**-**	-	**8,184**	7,946
Interest paid	**121**	267	**-**	-	**6,200**	1,611
Dividend income	**12,765**	13,174	**-**	-	**957**	2,075
Contribution to Pension Fund	**-**	-	**-**	-	**38,625**	40,216
(b) Outstanding balances at June 30,						
Cash at bank	**-**	-	**-**	-	**64**	356
Amounts receivable	**60**	25,060	**93**	802	**3,964**	20,281
Amounts payable	**10,062**	15,758	**-**	-	**26,838**	33,446
Loans payable	**7,733**	5,318	**-**	-	**1**	20,672

(c) Compensation of key management personnel

	THE GROUP	
	2023	2022
	Rs'000	Rs'000
Short term employee benefits	**127,772**	140,055
Post-employment benefits	**15,138**	13,135
	142,910	153,190

THE COMPANY	Subsidiary companies		Associate companies		Key management personnel		Enterprises with common major shareholders	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) Nature of transactions								
Purchase of goods and services	**26,391**	6,239	**11,871**	120	**-**	-	**93,234**	107,079
Purchase of property, plant and equipment	**800**	932	**-**	-	**-**	-	**16,900**	-
Sale of goods and services	**371,793**	283,314	**87,405**	100,995	**155**	171	**27,122**	43,833
Sale of property, plant and equipment	**163**	-	**-**	-	**-**	-	**-**	6,650
Management fees received	**12,717**	10,228	**300**	2,775	**-**	-	**6,449**	9,653
Rental income	**36,164**	36,126	**-**	-	**-**	-	**8,184**	7,946
Interests received	**12,917**	8,504	**-**	-	**-**	-	**-**	-
Interest paid	**1,709**	907	**121**	267	**-**	-	**6,469**	1,611
Dividend income	**60,925**	20,962	**12,765**	13,174	**-**	-	**927**	2,075
Contribution to Pension Fund	**-**	-	**-**	-	**-**	-	**29,557**	30,285
(b) Outstanding balances at June 30,								
Cash at bank	**-**	-	**-**	-	**-**	-	**64**	356
Amounts receivable	**225,042**	193,952	**12,513**	25,060	**-**	-	**14,454**	17,948
Amounts payable	**21,742**	35,384	**-**	-	**-**	-	**19,241**	25,300
Loans receivable	**218,601**	193,885	**-**	-	**-**	-	**-**	-
Loans payable	**17,246**	40,322	**7,733**	5,318	**-**	-	**231**	20,677

(c) Compensation of key management personnel

	THE COMPANY	
	2023	2022
	Rs'000	Rs'000
Short term employee benefits	**79,545**	99,717
Post-employment benefits	**10,813**	9,566
	90,358	109,283

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

30. RELATED PARTY DISCLOSURES (CONTINUED)

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. At each financial year, an assessment of provision for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates. For the year ended June 30, 2023, the Group has no impairment of receivables relating to amounts owed by related parties (2022: Rs Nil). The Company has recorded an impairment of Rs 6.6m during the year ended June 30, 2023 (2022: Rs 211.4m) relating to related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

31. CONTRACTS OF SIGNIFICANCE

Except for transactions as disclosed in note 30 on related party transactions, the Group did not have any contract of significance as defined by the Listing Rules of the Stock Exchange of Mauritius Ltd with any of its Directors and controlling shareholders.

32. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
Capital expenditure:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Contracted for but not provided in the financial statements	**2,154**	167,896	**-**	130,980
Approved by the Directors but not contracted for	**392,569**	566,084	**245,252**	386,466
	394,723	733,980	**245,252**	517,446

The expenditure for property, plant and equipment will be financed by cash generated by Group activities and from available borrowing facilities.

The Group capital commitments relating to its associates are as follows:

	THE GROUP	
	2023	2022
Capital expenditure:	**Rs'000**	Rs'000
Approved by the Directors but not contracted for	**-**	-

33. CONTINGENT LIABILITIES

At June 30, 2023, the Group and the Company had contingent liabilities in respect of bank guarantees amounting to Rs 217.7m (2022: Rs 9.7m) and Rs 198.9m (2022: Rs 5.5m) and contingent liabilities in respect of net current liabilities of one of the Group's subsidiaries amounting to Rs 62.1m (2022: Rs 92.7m), both arising in the ordinary course of business from which it is anticipated that no material liabilities would arise.

Legal claim contingencies

(i) Severance allowance

Legal action has been initiated by former employees against the Group in respect of unpaid severance allowances. The estimated payout is Rs 4.8m (2022: Rs 39.5m), should the action be successful. Trials are ongoing and therefore it is not practicable to state the timing of payment, if any. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in the financial statements.

(ii) Voluntary Retirement Scheme

In 2022, legal actions have been initiated by beneficiaries of the Voluntary Retirement Scheme against the Group in respect of unpaid benefit. The estimated payout is Rs 28.2m (2022: Rs 28.2m), should the action be successful. Trials are ongoing and therefore it is not practicable to state the timing of payment, if any. The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in the financial statements for the year ended June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

34. HOLDING COMPANY

The Directors regard IBL Ltd incorporated in Mauritius as the holding company. Its registered address is 4th Floor, IBL House, Caudan Waterfront, Port Louis.

35. EVENTS AFTER REPORTING DATE

In view of improving its liquidity position, the Group and the Company are currently negotiating with the bank to obtain several banking facilities of around Rs 1,365 m subsequent to the year end, to:

(i) refinance the promissory notes totalling Rs 650m, falling due by the end of October 2023,
(ii) finance 100% of the cost of the extension of one of its subsidiary outlet at Tamarin;
(iii) finance short term cash flow requirements;
(iv) settle outstanding amount on existing facilities with one of its banks; and
(v) for working capital requirements.

There have been no other material events after the reporting date which require disclosure or adjustment to the financial statements for the year ended June 30, 2023.

36. SEGMENTAL INFORMATION

Operating segment information

The building materials segment is involved in the manufacture and sale of building materials which consists principally of aggregates, rocksand, hollow concrete blocks and various concrete building components which constitutes our core business.

The retail business under the building materials segment consist of the sale of roof tiles, imported floor and wall tiles, sanitary ware and a complete range of home building products and garden accessories.

The agriculture segment is involved in the cultivation of sugar cane, vegetables, plants, landscaping services and sale of land.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

2023	THE GROUP				
	Building materials		Agriculture	Consolidation adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	1,295,308	3,668,059	226,178	(506,649)	4,682,896
Operating profit / (loss)	66,301	146,699	54,055	(19,398)	247,657
Allowance for expected credit losses on financial assets	(896)	(19,818)	(3,482)	5,097	(19,099)
Net finance costs	(13,194)	(16,316)	(8,132)	(68,975)	(106,617)
Share of results of associates	-	-	-	13,523	13,523
Profit /(loss) before taxation	52,211	110,565	42,441	(69,753)	135,464
Income tax	(9,020)	5,683	8,222	1,661	6,546
Profit /(loss) after taxation	43,191	116,248	50,663	(68,092)	142,010
Non-controlling interests	-	(8,350)	-	-	(8,350)
Profit / (loss) for the year attributable to the parent	43,191	107,898	50,663	(68,092)	133,660

2023	THE GROUP				
	Building materials		Agriculture	Consolidation adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Other segment information:					
Segment assets	901,382	7,065,530	1,380,446	(1,708,969)	7,638,389
Investment in associates	-	8,914	-	66,268	75,182
Total segment assets	901,382	7,074,444	1,380,446	(1,642,701)	7,713,571
Total segment liabilities	482,679	3,779,228	254,497	(1,064,464)	3,451,940
Capital expenditure:					
Property, plant and equipment	35,980	529,706	22,093	6,690	594,469
Investment properties	-	6,692	-	(6,692)	-
Intangible assets	13,895	7,476	1,953	-	23,324
Depreciation and amortisation	70,631	318,972	16,976	(25,574)	381,005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

36. SEGMENTAL INFORMATION (CONTINUED)

2022	THE GROUP				
	Building materials		Agriculture	Consolidation adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	1,200,934	3,086,955	123,790	(338,144)	4,073,535
Operating profit	70,968	151,494	(5,201)	(12,520)	204,741
Allowance for expected credit losses on financial assets	172	(24,469)	1,016	-	(23,281)
Impairment of assets	-	-	-	(348,100)	(348,100)
Gain on deemed disposal of associate	-	-	-	158,236	158,236
Net finance costs	(13,816)	3,616	(8,426)	(38,739)	(57,365)
Share of results of associates	-	-	-	10,678	10,678
Profit / (loss) before taxation	57,324	130,641	(12,611)	(230,445)	(55,091)
Income tax	-	(1,622)	-	-	(1,622)
Profit / (loss) after taxation	57,324	129,019	(12,611)	(230,445)	(56,713)
Non-controlling interests	-	(10,840)	-	-	(10,840)
Profit / (loss) for the year attributable to the parent	57,324	118,179	(12,611)	(230,445)	(67,553)

2022	THE GROUP				
	Building materials		Agriculture	Consolidation adjustments	Total
	Retail	Core business			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Other segment information:					
Segment assets	935,366	5,841,805	1,343,907	(1,781,453)	6,339,625
Investment in associates	-	69,801	-	-	69,801
Total segment assets	935,366	5,911,606	1,343,907	(1,781,453)	6,409,426
Total segment liabilities	540,747	3,262,984	278,169	(1,143,882)	2,938,018
Capital expenditure:					
Property, plant and equipment	20,574	349,042	12,051	-	381,667
Investment properties	-	-	-	-	-
Intangible assets	5,354	10,720	155	-	16,229
Depreciation and amortisation	64,360	249,798	14,035	(7,947)	320,246

Information about major customers

No single customer contributed 10 per cent or more to the Group's revenue in either 2023 or 2022.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	Revenue from external customers		Non current assets	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Mauritius	**4,609,495**	3,957,527	**5,515,545**	4,221,178
Madagascar	**15,679**	47,772	**30,465**	38,724
Sri Lanka	**8,878**	32,290	**21,187**	18,893
Réunion	**48,844**	35,946	**3,615**	1,594
	4,682,896	4,073,535	**5,570,812**	4,280,389

37. BUSINESS COMBINATIONS

(a) Acquisition of subsidiary

On March 31, 2023, the Group acquired the remaining 90.53% stake in Flacq Associated Stonemasters Limited ("FAST") for Rs 244.8m and obtained control over the subsidiary. FAST operates a stone crushing business in the east of Mauritius and is engaged in the production of aggregates and blocks. This transaction qualifies as a business combination as defined in IFRS 3.

The identifiable assets acquired and liabilities assumed at fair value at date of acquisition are as follows:

	March 31, 2023
	Rs'000
Assets	
Property, plant and equipment	129,078
Intangible assets	172
Inventories	21,644
Trade and other receivables	26,802
Current tax assets	463
Cash and cash equivalents	839
	178,998
Liabilities	
Trade and other payables	17,396
Deferred tax liability	5,056
Retirement benefit obligations	6,277
	28,729
Fair value of net assets acquired	150,269
Consideration paid in cash	244,841
Fair value of previously held interests	25,623
	270,464
Goodwill	120,195
Cash flow	
Consideration paid	244,841
Less: Cash and cash equivalents acquired in subsidiary	(839)
Net cash outflow on acquisition	244,002

Acquisition-related costs (included in administrative expenses) amount to Rs 0.8m.

A goodwill of Rs 120.2m arose because of the wider economic and strategic benefit arising from this acquisition. None of the goodwill is expected to be deductible for income tax purposes.

FAST contributed Rs 36m as revenue and generated a profit of Rs 6.7m for the period.

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If the acquisition of FAST had been completed on the first day of the financial year, Group revenues for the year would have been Rs 4,720m and Group profit would have been Rs 153.8m.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

37. BUSINESS COMBINATIONS (CONTINUED)

(b) Acquisition of subsidiary

On October 27, 2021, the Group acquired the remaining 51% of Premix Ltd ("Premix") (formerly known as Pre-mixed Concrete Ltd) and obtained control over the subsidiary. Premix is engaged in the manufacture of ready mixed concrete. This transaction qualifies as a business combination as defined in IFRS 3. Premix has been acquired by the Group to be in line with its vertical integration strategy.

The identifiable assets acquired and liabilities assumed at fair value at date of acquisition are as follows:

	October 27, 2021 Rs'000
Assets	
Property, plant and equipment	164,157
Fair value of brand name	60,838
Fair value of customer relationships	20,627
Right of use assets	87,999
Intangible assets	1,749
Deferred tax assets	14,308
Inventories	13,504
Trade and other receivables	165,147
Current tax assets	2,483
Cash and cash equivalents	12,182
	542,994
Liabilities	
Borrowings	14,277
Lease liabilities	95,714
Trade and other payables	187,932
Retirement benefit obligations	26,106
	324,029
Fair value of net assets acquired	218,965
Consideration paid in cash	285,416
Fair value of previously held interests	274,235
	559,651
Goodwill	340,686
Cash flow	
Consideration paid	285,416
Less: Cash and cash equivalents acquired in subsidiary	(12,182)
Net cash outflow on acquisition	273,234

Acquisition-related costs (included in administrative expenses) amount to Rs 4.3m.

A goodwill of Rs 340.7m arose because the cost of acquisition included a control premium and was in line the strategy disclosed above. None of the goodwill is expected to be deductible for income tax purposes.

Premix Ltd contributed Rs 416m as revenue and incurred a loss of Rs 18.7m for the period ended June 30, 2022.

If the acquisition of Premix Ltd had been completed on the first day of the financial year, Group revenues for the year ended June 30, 2022 would have been Rs 4,224m and Group loss would have been Rs 33.5m.

(c) Change in percentage holding in subsidiaries without loss of control

On October 27, 2021, the Group acquired an additional 17.24% of the issued shares of Drymix Ltd for a purchase consideration of Rs 96.4m. The Group derecognised the non-controlling interests and recorded an increase in equity attributable to owners of the Company of Rs 24.3m.

The effect of changes in the ownership interest on the equity attributable to owners of the Group is summarised as follows:

	2022
	Rs'000
Cash consideration paid to non-controlling interests	96,406
Less: Carrying amount of non-controlling interests acquired	(24,336)
Adjustment recognised in retained earnings	72,070

38. DISCONTINUING OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE

The Group

UBP Madagascar

The Group had the intention to sell its Malagasy subsidiary, UBP Madagascar and had initiated an active program to locate a buyer as from November 01, 2021. As a result, the entity was classified as a disposal group held for sale and was presented separately in the statements of financial position for the year ended June 30, 2022 and 2021.

However, as at June 30, 2023, no buyer has been identified and no deal has been completed. As per the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the Group and the Company have reviewed the events and circumstances for the delay for sale and although these are caused by events beyond the Group's and the Company's control, there are enough evidence to suggest that the Group will not be able to sell if the price of the asset is not reduced. The Group and the Company will not reduce the price as management believe they will receive the asked price in the future once the in-country market conditions improve. Hence, in this situation, the absence of a price reduction by the Group and the Company in the current market conditions demonstrate that the asset is not available for immediate sale. Management is now presenting the Malagasy subsidiary under continuing operations in the statements of profit or loss and other comprehensive income for all periods presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

38. DISCONTINUING OPERATION AND ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

The Group

United Granite Products (Private) Limited

In June 2021, the Group initiated an active programme to locate a buyer following its intention to sell its Sri Lankan subsidiary, United Granite Products (Private) Limited. This operation, which was expected to be sold within 12 months, was classified as a disposal group held for sale and presented separately in the Group statements of financial position at June 30, 2021. As a result of the programme initiated, several potential buyers showed their interest, but the deal could not be completed as there was no agreement on the proposed consideration. Moreover, during the last one-year period, there were circumstances beyond the Group's control which took place and further complicated the negotiations. Management remained committed to their plan to sell United Granite Products (Private) Limited which continued to be classified as a disposal group held for sale and presented separately in the Group statements of financial position at June 30, 2022.

However, as at June 30, 2023, no buyer has been identified and no deal has been completed. As per the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the Group and the Company have reviewed the events and circumstances for the delay for sale and although these are caused by events beyond the Group's and the Company's control, there are enough evidence to suggest that the Group will not be able to sell if the price of the asset is not reduced. The Group and the Company will not reduce the price as management believe they will receive the asked price in the future once the in-country market conditions improve. Hence, in this situation, the absence of a price reduction by the Group and the Company in the current market conditions demonstrate that the asset is not available for immediate sale. Management is now presenting UGPL under continuing operations in the statements of profit or loss and other comprehensive income for all periods presented.

The major classes of assets and liabilities comprising the discontinuing operations and assets classified as held for sale shown under the statements of financial position are as follows:

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Investment in subsidiaries (a)	-	-	-	22,428
Property, plant and equipment (b)	-	50,655	-	-
Right of use assets	-	5,211	-	-
Inventories	-	24,326	-	-
Trade and other receivables	-	9,718	-	-
Cash and bank balances	-	11,013	-	-
Total assets classified as held for sale	-	100,923	-	22,428
Trade and other payables	-	30,068	-	-
Lease liabilities	-	3,129	-	-
Bank overdraft	-	1,106	-	-
Employee benefit liabilities	-	965	-	-
Total liabilities associated with assets classified as held for sale	-	35,268	-	-
Net assets	-	65,655	-	22,428

In the financial year 2023, these major classes of assets and liabilities have been re-presented under continuing operations since the components cease to classify as held for sale.

	THE GROUP		THE COMPANY	
	2023	2022	**2023**	2022
	Rs'000	Rs'000	**Rs'000**	Rs'000
Investment in subsidiaries (a)	**-**	-	**22,428**	-
Property, plant and equipment (b)	**45,058**	-	**-**	-
Right of use assets	**4,842**	-	**-**	-
Inventories	**23,674**	-	**-**	-
Trade and other receivables	**13,133**	-	**-**	-
Cash and bank balances	**7,237**	-	**-**	-
Total assets reclassified from held for sale	**93,944**	-	**22,428**	-
Trade and other payables	**61,386**	-	**-**	-
Lease liabilities	**2,908**	-	**-**	-
Bank overdraft	**4,783**	-	**-**	-
Employee benefit liabilities	**1,297**	-	**-**	-
Total liabilities reclassified from held for sale	**70,374**	-	**-**	-
Net assets	**23,570**	-	**22,428**	-

(a) Investment in subsidiaries

Investment in subsidiaries is net of impairment.

(b) Property, plant and equipment

In 2022, capital work in progress in relation to United Granite Products (Private) Limited's property, plant and equipment were impaired by Rs 7.4m as the assets were not in good physical condition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

39. FINANCIAL REVIEW

THE GROUP	2023	2022
	Rs'm	Rs'm
Share capital	265.1	265.1
Reserves	3,950.3	3,176.6
Shareholders' interests	4,215.4	3,441.7
Assets	7,713.6	6,409.4
Liabilities	3,451.9	2,938.0
Revenue	4,682.9	4,073.5
Profit / (loss) before taxation	135.5	(55.1)
Tax income / (expense)	6.5	(1.6)
Profit / (loss) for the year	142.0	(56.7)
Dividend	-	(79.5)
	Rs	Rs
Basic net assets value per share	159.01	129.83
Basic earnings / (loss) per share	5.04	(2.55)
Dividend per share	-	3.00

THE COMPANY	2023	2022
	Rs'm	Rs'm
Share capital	265.1	265.1
Reserves	2,649.1	2,174.1
Shareholders' interests	2,914.2	2,439.2
Assets	5,509.1	4,563.3
Liabilities	2,595.0	2,124.2
Revenue	2,157.8	1,952.6
Profit / (loss) before taxation	94.4	(109.3)
Tax income	6.4	7.4
Profit / (loss) for the year	100.8	(101.9)
Dividend	-	(79.5)
	Rs	Rs
Basic net assets value per share	109.93	92.01
Basic earnings / (loss) per share	3.80	(3.84)
Dividend per share	-	3.00

40. WORLD EVENTS

Local, regional, or global events such as war (e.g., Russia/Ukraine), acts of terrorism, public health issues like pandemics or epidemics (e.g., COVID-19), recessions, or other economic, political and global macro factors and events could lead to a substantial economic downturn or recession in global economies and have a significant impact on the Group and the Company and its investments. The recovery from such downturns is uncertain and may last for an extended period of time or result in significant volatility, and many of the risks discussed herein associated with the operations of the Company and its subsidiaries may be increased.

41. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

As at June 2023, the current liabilities exceeded the current assets by Rs 229.8m (2022: Nil) for the Group and Rs 572.7m (2022: Rs Nil) for the Company.

The financial statements have been prepared on the going concern basis, which assumes that the Group and the Company will continue in operational existence for the foreseeable future. The validity of this assumption relies on the continued availability of debt facilities of Rs 1,365m from the financial institution that will be forthcoming over the next twelve months.

The Directors, therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

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